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NEWS SUMMARY

GENERAL

Three die in Army bomb accident

Three Royal Marines were killed and two badly wounded when a bomb exploded as it left a mortar barrel during exercises at the Army's Otterburn ranges in Northumberland.

Ten others were treated by Army medical teams for minor injuries. The 9lb bomb, according to preliminary investigations, had a faulty fuse.

Old Bailey exit for The Romans

Mary Whitehouse withdrew her private prosecution against the play The Romans in Britain. She claimed victory after an Old Bailey judge ruled there was a case for National Theatre director Michael Bogdanov to answer under the Sexual Offences Act. His costs will be paid out of public funds.

Schmidt pressure

Chancellor Schmidt, of West Germany, is expected to press Mrs Thatcher at Chequers today to ease the way for a settlement of the EEC budget dispute.

Pay row grows

National Union of Teachers' members will step up action over pay next week because of a refusal by the management's negotiators to go to arbitration.

Shinwell decision

Lord Shinwell, 97, is to resign the Labour Whip in the upper house, but remain a party member. He said "on no account" would he join the SDP.

Israeli move

Israeli forces occupying the West Bank dissolved El Bireh town council and put army officers in charge. Page 4

Haughey appeal

Irish Premier Charles Haughey said after talks in Washington with President Reagan that the U.S. should support a unified Ireland.

Polish resistance

Poland's military rulers accused opponents of organising an armed resistance movement allegedly involved in attacking soldiers, stealing arms and killing a policeman.

Police probed

A second investigation into allegations against Dorset Police is to be carried out by Yorkshire Chief Constable Sir James Brownlow.

Cancer birth

Cancer victim Anne Sinclair, 31, of Rugby, gave birth to a girl just four days before dying of the disease.

IRA supergrass

A top ranking IRA member turned supergrass has given vital information to the Royal Ulster Constabulary on crimes committed by the Provisionals.

Envoy greeted

The Queen received the diplomatic credentials of Archbishop Bruno Heim, the first Papal ambassador to Britain.

Gold for Silver

Silver Buck beat stable companion Bregawn to win the Cheltenham Gold Cup. Favourite Night Nurse was pulled up. Racing, Page 16

Briefly . . .

Thanksgiving service for Lord Butler's life and work will be held in Westminster Abbey on April 5.

Sir David McNee, Metropolitan Police Commissioner, is to retire in October. Page 8

TV newsreader Jan Leeming will present the Eurovision Song contest from Harrogate on April 24.

Evangelist Billy Graham will return to England in 1984 to preach in five cities.

BUSINESS

Equities up 5.4; gold adds $10

● EQUITIES edged up on the lack of fresh selling and GKN's satisfactory preliminary results. The FT 30-share index added 5.4 to close at 556.8. Page 38

● GILTS revived on European interest rate cuts. The Government Securities index closed 0.29 higher at 68.30. Page 38

● TOKYO shares continued Wednesday's rally, on news of Kawasaki's subway train order from New York. The Nikkei Dow index rose 163.27 to close at 7,062.8. Page 36

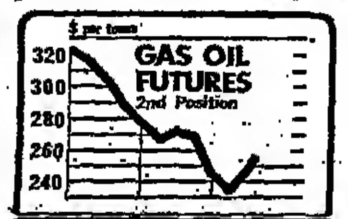
● DOLLAR rose on cuts in European interest rates. It closed at DM 2.374 (DM 2.3715), FFr 6.2 (FFr 6.1375), SwFr 1.885 (SwFr 1.881) and Y242 (Y241.15). Its trade-weighted index was 114.3 (113.8). Page 31

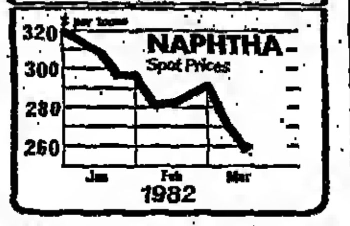
● STERLING closed unchanged at $1.81 but rose to DM 4.3 (DM 4.295), FFr 11.22 (FFr 11.1), SwFr 3.415 (SwFr 3.405) and Y438 (Y436.5). Its index was 91.1 (90.7). Page 31

● GOLD rose $10 to $323 in London. In New York, the Comex March close was $324 ($318). Page 31

● WALL STREET was up 8.09 at 803.94 near the close. Page 36

● GAS OIL and naphtha prices show signs of hardening on hopes of a cut in Opec crude production. Since January the





gas oil futures price has dropped 20 per cent, the naphtha spot price 19 per cent. Gas oil details, Page 37

● NORTH SEA oil exports gave Britain a rare trade surplus of $400m with the U.S. in the first 11 months last year. Page 6

● FOSTER WHEELER Energy of the UK won a £60m contract to build a catalytic oil cracker in Sweden. Page 6

● NOVA CORPORATION, the West Canadian-based energy group, proposed financial restructuring to save the Alsands synthetic oil project. Page 32

● BANK LENDING to the private sector rose £1.98bn in February compared with an average monthly rise of £1.5bn since August. Back Page

● MARKS AND SPENCER and Boots are among companies backing a planned co-ordinated effort to tackle Brixton's problems. Back Page

● FOOT AND MOUTH disease, confirmed in a Danish dairy herd, was expected to hit meat exports. Page 37

● RAVENSCRAIG pay and productivity scheme was agreed after British Steel warned the Scottish plant's future was at stake. Page 9

● COCKERILL - SAMBRE'S $470m aid package was approved by the EEC Commission but it rejected the Belgian steel company's modernisation plan. Page 2

● KLOECKNER - WERKE, the West German steelmaker, is to apply for state assistance. Page 33

● MONTEDISON chemical workers blocked access to Brindisi port in protest at the Italian company's plans to cut 1,700 jobs. Page 2

CHIEF PRICE CHANGES YESTERDAY

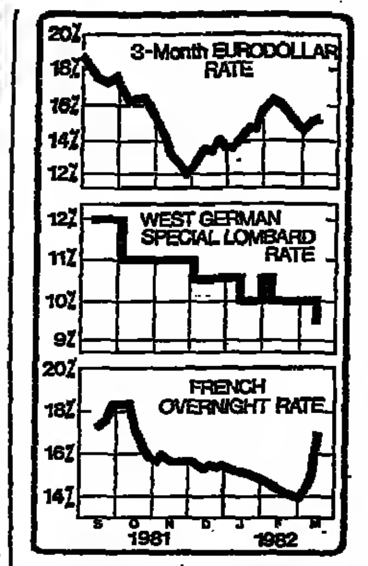
(Prices in pence unless otherwise indicated)

RISES

Treas 12pc 1995	£93¾	+ 1¼
Amersham	194	+ 5
Assd Leisure	100	+ 11
Barratt Devs	265	+ 6
Capseals	50	+ 5
Dunlop	76	+ 4
Eurotherm	374	+ 9
Farnell Elec	640	+ 20
GEC	820	+ 10
Glaxo	510	+ 8
GKN	163	+ 3
Huntley & Palmer	90	+ 7
Imperial Group	90½	+ 2½
L'pool Daily Post	160	+ 8
Marks and Spencer	146	+ 4
Midland Bank	336	+ 8
Plessey	378	+ 6
Steetley	181	+ 5
Blyvoor	442	+ 34
Buffels	£15¼	+ 1½
Cons Gold Fields	370	+ 12
Cons Murchison	240	+ 15
Gld Mns Kalgoorlie	190	+ 10
Hartebeest	£19	+ 1¾
Libanon	635	+ 56
Poseidon	82	+ 4
Vaal Reefs	£22¼	+ 1¾

FALLS

Bejam	175	− 4
Holden (A.)	176	− 4
Sale Tilney	212	− 11
Turner and Newall	73	− 4
Bond Crpn	70	− 12



Franc falls sharply against interest move

THE FRENCH franc came under sustained pressure in European foreign exchange markets yesterday, despite heavy intervention by the Bank of France and a 2-point increase in its money market intervention rate to 17 per cent, our Foreign and Financial Staff writes.

The French authorities' efforts to defend the currency contrasted with a concerted move by the West German, Swiss and Dutch central banks, which all cut their interest rates by half a percentage point.

The German "special Lombard rate" was reduced from 10 to 9½ per cent. That, and the Dutch and Swiss rates cut, was seen as a further effort to free European interest rates and monetary policies from the unsettling influence of U.S. rates.

The Swiss "special Lombard rate" was cut from 10 to 9½ per cent and the Dutch discount rate went down from 8½ to 8 per cent.

Sterling remained steady, which, with the further reduction in German interest rates, eased anxiety that UK interest rates may have to move up in response to the rise in U.S. rates. The London three-month interbank rate was hardly changed at 13¾ per cent although the three-month Eurodollar rate firmed slightly to 15⅛ per cent.

In Paris, the franc fell sharply against the dollar, which reached a record level of FFr 6.185—slightly higher than its peak in August last year. The franc also fell against the D-Mark, which reached FFr 2.6059, compared with FFr 2.583 on Wednesday. The franc now is close to its floor of FFr 2.62 to the D-Mark within the European Monetary System.

Despite the official support and the rise in interest rates—only 24 hours after the last increase from 14.5 per cent to 15 per cent—the market was sceptical about official claims that the French franc would not be devalued.

In a television interview yesterday, M Jacques Delors, the French Economics Minister, said that devaluation within the EMS was not relevant to the franc's problems. He pointed to the decline of the country's trade deficit from FFr 7.1bn in January to FFr 5.3bn last month.

The franc's difficulty appears to have diverted speculative interest away from sterling, which rose in London by

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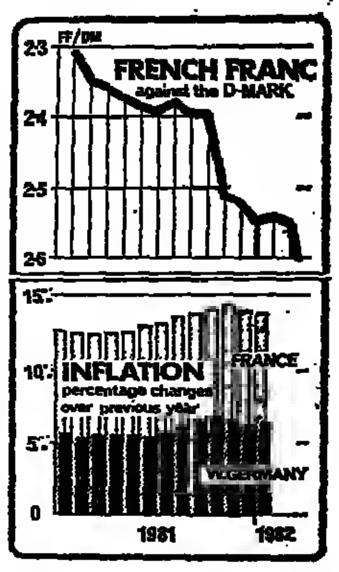
National Savings interest reduced, Page 8



Midland puts receiver into Stone-Platt

BY RAY MAUGHAN

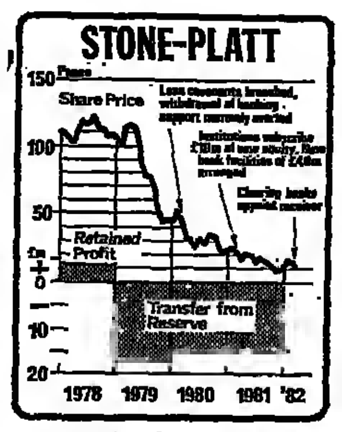
A RECEIVER was appointed by Midland Bank yesterday to Stone-Platt Industries, the textile machinery and engineering group which has had financial reconstructions in each of the last two years.

The decision brings to an end attempts by the management to stem an unrelenting tide of losses.

The bank's action drew strong protests from four City investing institutions which participated last March in a second reconstruction, under which some £50m was made available to the group.

Mr Leslie Pincott, chairman of Stone-Platt, said yesterday: "I understand the bank's point of view." But he outlined the plans drawn up by the board he believed offered "the most satisfactory outcome available."

These included sale of the textile machinery business, Platt Saco Lowell (PSL), to a U.S. company, John D Hollingsworth on Wheels. The agreed consideration was £12.75m, of which £2.5m was to have been held in escrow.



PSL was the principal cause of the group's losses in recent years, he explained, while other profitable parts of the company were sold, PSL was retained after last year's reconstruction and was budgeted to break even in the second half of the year.

But "the order book fell away as the recession deepened. We reintroduced temporary working and were scraping around for orders.

"Prices were tumbling disastrously to the lowest point quoted for a spindle in living memory."

With the money-loser about to be sold, he said, "commercially we feel we had a way of staying alive."

It became clear yesterday that the group was confident that its borrowings would stay within bank limits, despite an estimated write-down of £20m against the PSL division's assets, and the cash position would be helped by the sale of the Altrincham plant and the sale and leaseback of the Crawley factory for an aggregate of £5.5m.

The institutions supported the board's proposals and the group's four major shareholders, Equity Capital for Industry; Finance Capital for Industry; Prudential Assurance; and M & G Investment Management.

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Midland attacked over receivership, Page 10
Sad end to a bright star, Page 26
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GKN shows a return to profit

By Hazel Duffy, Industrial Correspondent

GKN, the largest engineering group in the UK, returned to profit last year. Yesterday's announcement signals the closing phase of the group's restructuring in the U.K. and confirms that, in some sectors at least the worst of the recession has passed.

Announcing its £34.6m pre-tax profit for 1981 compared with a pre-tax loss of £1.2m the previous year, GKN, however, sounded a warning note that recovery in the UK was still painstakingly slow. "Current economic and market trends do not yet provide a firm base for optimism about 1982; the recession is not over and much capacity remains under-utilised." The dividend for 1981 is maintained at 8p a share.

The news brought a 3p improvement in the GKN share price, which closed at 163p. GKN's improved results are in contrast with Wednesday's depressing figures from Turner & Newall and the recent announcement of a £23m loss from Tube Investments.

The turnround at GKN has been achieved by higher returns from overseas—a trading surplus of £70m against £55m in 1980, due in large part to the U.S. activities—and more cost-efficient operations in the UK, where a trading loss of £13m in 1980 was turned into a surplus of £13m last year.

The rigorous slimming in the UK has cost GKN £11.7m in redundancy costs in on-going activities, taken above the line, and £6.3m redundancy costs in discontinued activities, charged as an extraordinary item. In 1981, GKN made just less than 10,000 employees redundant in the UK, bringing its total job losses in two years to 23,000.

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Long-term economic prospects, Page 8

U.S. row as Japan wins rail car deal

BY DAVID LASCELLES IN NEW YORK

A POLITICAL storm has broken over a contract won by Kawasaki Heavy Industries of Japan to supply carriages for the New York City underground system. The deal is financed largely by cheap Japanese government export credits, making it more attractive than a tender from a U.S.-based manufacturer.

Under the contract, worth $275m (£153m), Kawasaki will make 325 carriages for delivery by mid-1985. The deal is with New York's Metropolitan Transportation Authority (MTA), which has embarked on a five-year $7.9bn programme to modernise and re-equip the city's rundown mass transit system.

The transport authority made it clear that the financing weighed heavily in the decision to award the contract to Kawasaki rather than to Budd Company, the rival U.S.-based bidder. Two other bidders were Bombadier of Canada and Francorail of France, which both offered government-subsidised finance.

The Japanese Government will finance almost half of the contract at an effective interest rate of 12.25 per cent—well below rates of interest in the U.S. The rest will be financed locally.

The MTA, sensitive to the controversy surrounding the deal, has issued a long justification of its decision. "The MTA must and will bear in mind its primary fiduciary responsibility to buy the best cars at the lowest possible price," it said.

Like all local authorities in the U.S., the Transport Authority has been squeezed by the Reagan Administration's policy of reducing federal subsidies. New York's parlous financial condition does not help, either. The "buy America" law on local transport procurement applies only to federally-funded projects.

The deal marks the first purchase by New York of foreign equipment for its underground system and politicians in the State Government have protested strongly about it. The minority leader in the State Assembly has written to the chairman of the MTA demanding that all the carriages it buys be made in the U.S., and in New York State, if possible.

The MTA said that as well as the attractive financing Kawasaki offered, it promised better quality and delivery times than Budd. The carriages, with their stainless steel construction, will be resistant to graffiti artists who have plastered most New York underground carriages with gaudy designs and messages. Stainless steel does not absorb paint.

Although the MTA will be placing further such orders the contract is another nail in the coffin of the U.S. rail equipment industry.

Virtually all of the mass transit systems in the U.S. are being equipped by companies abroad.

Three months ago the Japanese felt they had grounds to complain about U.S. procurement practices when American Telephone and Telegraph awarded a major contract for fibre optics transmission to its own subsidiary, Western Electric, rather than to Fujitsu—even though Fujitsu made the lowest bid.

Background, Page 32

£ in New York

—	Mar. 17	previous
Spot	$1.8080-8095	$1.8045-8060
1 month	0.21-0.26 pm	0.24-0.29 pm
3 months	0.68-0.73 pm	0.79-0.84 pm
12 months	2.50-2.65 pm	2.85-2.95 pm

Ezra expects NCB will need grants until at least 1988

BY MARTIN DICKSON AND JOHN LLOYD

THE National Coal Board will probably require Government grants until at least 1988 to help it break even, Sir Derek Ezra, the NCB chairman, indicated yesterday.

This is the clearest public indication of the NCB's medium-term financial prospects to emerge since the collapse last year of a Government plan for the pound to break even without the support of grants in 1983-84.

The Government withdrew its timetable and agreed to a major expansion of NCB grants in February last year when threatened with a national miners' strike over pit closures.

The NCB is to receive £460m of operating grants in the financial year just ending and £380m in 1982-83.

Sir Derek said yesterday that if the board continued on its present path it would have "very substantially reduced, if not eliminated" its dependence on operating grants by about 1988.

He was speaking at a joint farewell press conference with Mr Joe Gormley, the President

The National Coal Board has postponed payment of between £50m-£60m to its suppliers of mining equipment until the new financial year to enable it to keep within the Government-imposed external financial limit.

Ezra, Gormley farewell, Page 8

of the National Union of Mineworkers. Both retire this year.

Sir Derek and Mr Gormley each gave strong support to the idea of long-term wage agreements in the industry—probably of three years' duration—"to avoid the annual risk of confrontation."

Sir Derek said that "too much time is being taken up with this one issue." Mr Gormley said that a three-year agreement could have clauses built in for inflation and for changes in Government policy.

Both agreed that they would have "got down to working on it seriously" had they continued in their respective offices. However, Mr Arthur Scargill, the NUM president-elect made clear during his election campaign that he did not favour such a plan.

Mr Mick McGahey, the union's vice-president, said yesterday that "there is no chance of long-term deals being made in the mining industry," while Mr Ray Chadburn, president of the Nottinghamshire mineworkers, said the plan had more drawbacks than advantages.

Huntley & Palmer bid probe widens

BY RAY MAUGHAN

THE MONOPOLIES and Mergers Commission is to broaden the scope of its investigation into the bid by Rowntree Mackintosh for Huntley and Palmer Foods. The inquiry will also look at a prospective agreed bid for the biscuit manufacturer by Nabisco Brands, the New York-based food group.

Nabisco said yesterday it was "contemplating" an offer which would comprise its common shares to an equivalent value in excess of 120p per Huntley share, with an alternative cash offer equivalent to 115p per share.

Rowntree learnt this week that its own contested bid had been referred to the Monopolies Commission, and the offer consequently lapsed. It is considering whether to withdraw altogether or to return, given a favourable recommendation from the Commission, in six months' time, and counter Nabisco's proposed terms which, on the share-offer basis, are £10m, or about 14p per share, higher than its own £76m bid.

There are strong indications that Rowntree will maintain its bid intentions through the reference period. The group holds 23.6 per cent of Huntley's shares and Schroder Wagg, Rowntree's merchant bank, said yesterday: "The thought of dumping that stake on the market is pretty unattractive."

Shares in Huntley climbed 7p yesterday to 90p.

● Imperial Chemicals Industries, which faces a Monopolies Commission investigation into its agreed £12.8m offer for specialist coatings group Arthur Holden and Sons, went back into the market yesterday to buy more Holden shares.

ICI, which acquired a state of about 11 per cent on Tuesday, lifted its holding to 14.9 per cent—the ceiling imposed by the Takeover Code.

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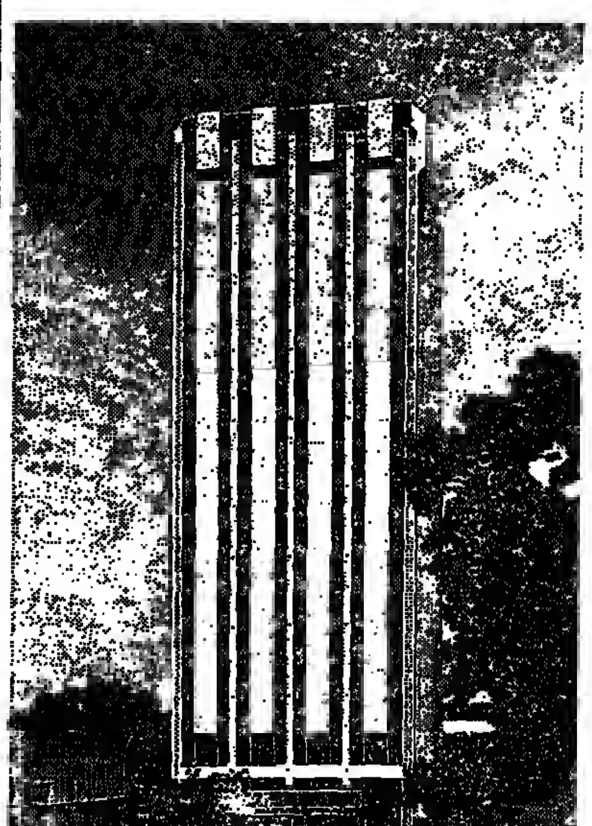
For latest Share Index phone 01-246 8026



France's trade deficit falls in February

BY TERRY DODSWORTH IN PARIS

FURTHER speculation against the French franc coincided yesterday with the release of February trade figures showing a distinct improvement over January.

The Trade Ministry described the seasonally adjusted deficit of FFr 5.3bn (£486m) as "globally favourable." By comparison, the deficit in January reached FFr 7.1bn (£651m) although last February it stood at only FFr 2.8bn (£256m).

Part of the improvement last month was due to a cut in oil imports, along with a more effective containment of textile imports, which grew very rapidly last year. Foreign consumer and household goods sales, however, continued at a high rate. On the export side, France marked up a healthy performance in the processed food sector, with a surplus of FFr 1.6bn, and in capital goods (FFr 3bn).

Officials said that the trade deficit should continue to run at around a rate of FFr 6bn a month, a figure which conforms with earlier indications that the annual total could reach FFr 80bn (£7.34bn) this year.

A more neutral performance was registered on prices last month. According to separately-issued figures, inflation remained at 1 per cent in February, the same rate as in January, but slightly higher than the Government appears to have hoped.

On a year-on-year basis, comparing last month with February 1981, inflation is running at 13.9 per cent. Over the past three months it has dropped to an annualised rate of 10.8 per cent.

Although these figures confirm the recent slow-down in price rises, they remain high compared with inflation in most other Western industrialised nations, and particularly West Germany, France's main trading partner.

It is also widely feared that the price index could be hit this month and next by increases in publicly-controlled tariffs for the gas, electricity and railway industries.

Farmers' leader expects 100,000 in Paris protest

BY DAVID WHITE IN PARIS

FRENCH FARMERS are stepping up pressure on the Mitterrand Government in the midst of the European Community dispute over a new EEC price package.

M Francois Guillaume, head of the giant FNSEA farmers' union, yesterday announced plans for an "unprecedented" demonstration in Paris next Tuesday. He said he expected 100,000 to take part.

The demonstration, the climax to months of smaller-scale protests over farmers' declining living standards, coincides with a scheduled meeting of foreign ministers in Brussels.

M Guillaume made his announcement after President Francois Mitterrand promised at the weekly cabinet meeting to defend the interests of the country's farmers "resolutely and with doggedness."

Mme Edith Cresson, the Agriculture Minister who has been under strong criticism from the union, said yesterday after returning from Brussels that Britain had given "the first demonstration, and doubtless not the last, of its desire to block the farm price negotiations."

She said that the argument over a proposal, blocked by Britain, to distil 6.5m hectolitres of surplus wine in order to ease market conditions would be brought up again at the foreign ministers' council.

The date chosen by the farmers for their Paris protest is the same as that of the last big violent demonstration to take place in the French capital—a mass steelworkers' protest on March 23, 1979, which degenerated into vicious fighting between riot police and fringe groups.

Commission confirms aid to Belgian steel giant

BRUSSELS — The European Commission yesterday confirmed a $470m (£260m) aid package for the loss-making Belgian steel company, Cockerill-Sambre. But the Commission at the same time reiterated its rejection of the company's overall modernisation plan.

It was Brussels' refusal to accept the modernisation plans which prompted a strike, now in its fourth week, and a series of protests by steelworkers determined to avoid new job losses.

The Belgian Government had requested approval from the Commission to spend some $630m on Cockerill-Sambre to accomplish a five-year restructuring plan worked out last year.

The Commission says that the plan, designed to make the company viable by 1985, will lead to continued heavy losses in that year and needs modifications likely to involve further job losses and a reduction in crude steel capacity.

A spokesman said yesterday that the aid approved was for investments which the Commission believes will improve viability and should not assist contested elements of the plan—in particular the construction of a new continuous casting mill at Liège.

Reuter

Giles Merritt adds: In the wake of violent clashes in Brussels earlier this week between 10,000 Cockerill-Sambre steelworkers and riot police squads, the Socialist FGTB union, with its power base in the steel and engineering industries of French-speaking Wallonia, has called a general strike for March 26.

At the same time, the leading CSC Christian Union has decided to match the Socialists' 24-hour shutdown with a mass march of some 100,000 people on Brussels the following day. The FGTB action is being seen as a challenge to the Government's authority, and seeks to widen the union's confrontation over steel to other sectors, while the CSC protest is against recent proposals for slashing social security payments.

The announcement of the two-pronged union action coincides with the announcement that Belgium's jobless total has risen to 453,000.

Geneva talks: slow progress as gap persists

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

AFTER four months of talks in Geneva, the U.S. and the Soviet Union are still very far from reaching an agreement to limit nuclear weapons in Europe.

The two nuclear super-powers opened negotiations on so-called theatre nuclear weapons on November 30. This week, they have gone into recess for two months, having agreed neither on the negotiating method to be followed nor on the fundamental issue of which weapons should be reduced and by how much.

Senior U.S. officials believe that contrary to appearances, however, progress has been made in the 24 sessions held so far. They insist that both they and the Russians seriously want an agreement. They still hope that an accord will be achieved by late 1983, the deadline set for the deployment of new U.S. Cruise and Pershing nuclear missiles in Europe.

The fact that the arms talks have been taking place in Geneva (even though both sides have so far respected the rules of confidentiality) has helped calm anti-nuclear pressure within Nato, five of whose European members have agreed to deploy 464 U.S. Cruise and 108 Pershing missiles from 1983.

European governments nevertheless remain worried that any sign or failure in Geneva could reactivate domestic pressure. They believe that the Soviet Union, in its latest offer to freeze European nuclear weapons at present levels, is designed as a propaganda move to deepen the divisions between Europe and the U.S.

A moratorium on theatre or intermediate range nuclear weapons in Europe, it is understood has been part of Soviet strategy at Geneva since last November. The Russian delegation, led by Mr Yuli Kvitsinsky, made it clear from the outset that Moscow wanted both sides to declare a moratorium or freeze on existing weapons. It suggested that both sides should sign a statement of intent to reduce weapons further, and should then proceed to negotiate a full-blown treaty.

The U.S. team, however, under the leadership of veteran arms negotiator Paul Nitze, early on submitted a drafty treaty for negotiation. The two methods are not seen as necessarily mutually exclusive, but have certainly not been reconciled yet.

Meanwhile, on the fundamental issues of which weapons should be reduced and by how much, the two sides seem as far apart as ever.

The Russians are reported to be upset that President Reagan "stole the high ground" with his so-called "zero option." The U.S. draft treaty is believed to have embodied this: it calls for the phased dismantling of all Soviet SS-20 and the older SS-4 and SS-5 missiles, both east and west of the Urals. In return, the U.S. would not deploy (or would dismantle if deployment has begun) the U.S. Cruise and Pershing missiles in Europe.

The U.S. maintains that its new Cruise and Pershing missiles are necessary to balance the greater numbers of Soviet land-based missiles, especially the SS-20s. The U.S. has, however, accepted that nuclear-capable aircraft also pose a problem. In an important step, the U.S. delegation offered to negotiate limits on aircraft once agreement has been reached on the land-based missiles.

The Russians, meanwhile, have maintained at Geneva that there is currently a balance of nuclear forces in Europe, and that the deployment of the 572 missiles would grossly distort it. The Russians have had to indulge in "very creative accounting" to argue this case, said one Western official.

To match the Soviet total of nearly 1,000 nuclear systems (launchers not warheads) the Soviets have included, on the Nato side, U.S. nuclear-capable aircraft both in Europe and in the U.S. as well as the British and French nuclear forces. Britain, France, Nato and the U.S. are all adamant that the latter shall not be included in any U.S.-USSR arms agreement.

The numbers game is a key starting point, but the main Western criticism is reserved for the end result of the Soviet proposals. These are for a reduction in two phases over the next eight years which would leave both sides with 300 systems each.

This would leave the Nato side with the French and British nuclear weapons (in Soviet calculations more than two-thirds of the total) and with a reduced number of U.S. aircraft.

The Soviet reductions would not touch most Soviet nuclear-capable aircraft and would leave their most modern land-based system, the SS-20s, intact at the present deployment of 300.

Western diplomats say there is as yet no sign of an official fall-back position on either side. U.S. officials maintain that the zero option stands, while they say that the Soviet Union is obviously keen to get an agreement on its own terms. Only if that proves impossible will there be a strategy switch, they say. But they maintain that four months is too soon for either side to have to make that kind of move.

Striking chemical workers disrupt Italian city

BY JAMES BUXTON IN ROME

STRIKING CHEMICAL workers yesterday blocked access to the port and other strategic points in the southern Italian city of Brindisi as part of continuing protests against plans for large-scale sackings by the Montedison chemical concern.

The Milan-based company, which is making heavy losses, appears to be standing firm in its determination to sack 1,700 workers at four production centres. The largest number of jobs would be lost at Brindisi. The sacking notices are due to go out today.

On Wednesday, the Government broke off talks with Montedison on restructuring of the chemical industry as a result of Montedison's refusal to heed its pleas to stop the sackings. In the past few days Brindisi, the main port for traffic between Italy and Greece, has been partially paralysed by different forms of action by chemical workers.

Yesterday, they prevented the opening of banks and the central post office, as well as blocking ferry traffic. The Government fears the situation could deteriorate into a serious breakdown of order.

Montedison claims that the sackings, which follow the laying-off of around 7,000 workers last year, are essential to reduce losses and cut out redundant loss-making plant. The company is desperately trying to stem losses which amounted to almost L300bn (£130m) in the first half of last year.

Part of Montedison's recovery strategy, however, depends on reaching agreement on the future structure of the chemical industry with the state-controlled companies, Anic and Enoxy, which come under the ENI group.

Talks have been continuing for months on a transfer of plants between the public and private sectors of the chemical industry. It has been expected that ENI would concentrate more on basic chemicals and Montedison on higher value secondary products.

Montedison had hoped to gain up to L500bn from ENI for the transfer of plant, especially in southern Italy. But it argues that the sacking programme, is an essential strategy that has nothing to do with the longer term restructuring.

Parliament may debate gangland allegations

BY RUPERT CORNWELL IN ROME

THE ITALIAN Parliament is likely to hold a debate on allegations that two Government ministers last year visited a jailed Naples underworld leader to secure his aid in channelling a L1.5bn (£630,000) ransom to Red Brigades terrorist for the release of *Sig Ciro Cirillo*, a local Christian Democrat politician.

The charges, backed by supposedly secret Interior Ministry documents, have been published by L'Unita, the Communist party daily newspaper. They have been denied, however, by the two ministers (both Christian Democrats), and Sig Virgioio Rognoni, the Interior Minister, has declared the documents fakes.

The episode has provoked a bitter row between Italy's two biggest parties. Although it is unlikely to lead to immediate repercussions for the five-party coalition in Rome, it seems certain to provoke the collapse of the minority Communist-led city government in Naples.

In rataliation at the Communist attack, the Christian Democrats have withdrawn their support for the municipal *administration of Sig Maurizio* Valenz, the Communist mayor. A new round of local elections this summer in Naples are now a strong possibility.

It has emerged since Sig Cirillo's release last July that a ransom was paid. But the Christian Democrats, who refused to deal with the Red Brigades in 1978 when they held Sig Aldo Moro, the late Prime Minister, have insisted *all* along that *only* Sig Cirillo's family and close local political associates were involved.

Soviet meat and milk output down

By David Buchan

MEAT AND MILK production in the Soviet Union fell 5 per cent in the first two months of this year compared to the same period of 1981, the official Economic Gazette reported.

The decline reflects feed grain shortages following the third successive poor harvest in the Soviet Union, despite continuing heavy Soviet purchases of U.S. grain, amounting to 13.3m tonnes since last October. The meat position is likely to remain critical at least until livestock can be put out to pasture in the summer and the 1982 harvest comes round.

Meat production in January and February this year reached 2.55m tonnes—a rate well below that called for in the 1981-85 central plan, which foresaw an average 17-17.5m tonnes a year.

President Ronald Reagan has so far refused to consider a grain embargo as a sanction against the Soviet Union for its involvement in the martial law crackdown in Poland.

Moscow has yet to publish a figure for last year's grain harvest, leading to speculation that it was so bad as to be embarrassing to the Soviet leadership.

Stronger dollar helps industry in Scandinavia to compete against U.S.

BY ANDREW FISHER IN HELSINKI

NORTH AMERICA's cost advantage over Scandinavia in the pulp and paper industry has been deply eroded by the rise in the valne of the dillar, delegates were told yesterday on the second day of a Financial Times conference in Helsinki.

Mr George Boyd, Vice President of Kidder, Peabody, the New York investment house, said the strengthening of the dollar had dramatically improved the competitive cost position of Scandinavian market pulp mills against North America over the last 19 months.

He was speaking at the European Pulp and Paper in the 80s conference, organised by the Financial Times in co-operation with Helsingin Sanomat, the Finnish newspaper.

Total costs, excluding transport, appeared to be lowest in Brazil, about equal in the various parts of North America and somewhat higher in Scandinavia he told delegates.

But the transport differential eliminated the differences between North America and Scandinavia. "In fact, some sources indicate totsl markets pulp manufacturing costs are currently tower in Scandinavia than in North America," he added.

Mr Boyd said Scandinavian producers clearly had a considerable advantage over mills in North America and Brazil in the cost of transporting pulp to Western Europe. Scandinavian companies appeared to have a transport cost advantage of $30-40 a tonne.

As for wood costs, the average cost per tonne of market pulp in the U.S. is estimated at $110—slightly more in Canada—compared with around $175 in Scandinavia. The cost in Brazil is $40-45 a tonne, he said.

Discussing energy, a major cost element, Professor Peter Odell told the conference that energy prices were likely to fall in real terms.

Professor Odell, Director of the Centre for International Energy Studies at Erasmus University, Rotterdam, said there was a 60 per cent likelihood of a continued steady decline in oil prices in real terms for the next five years or so.

There was a 25 per cent chance of prices collapsing and a 15 per cent chance that oil prices would be maintained or increased from their end-1981 value (in real terms after accounting for inflation).

In the non-Communist world be expected a low rate of increase in energy consumption this decade. Even in the Communist world, where energy had generally been used inefficiently, there were now growing pressures to reduce its use.

Thus overall demand for oil was unlikely to grow very much, if at all. As for oil supplies, he saw no possibility of scarcities arising in the 1980s or 1990s.

Taking an opposite view of the energy scene, Mr Arild Holland, Managing Director of the Norwegian Pulp and Paper Association, said oil prices were likely to show a rising long-term trend, in actual and real (inflation-adjusted) terms.

He noted that some governments and organisations, such as the International Energy Agency had been trying to promote the use of wood and biomass to replace imports of fossil fuel, especially oil.

"What really worries me is the risk that the use of biomass, stimulated by government policies, incentives and subsidies will threaten the availability of traditional raw materials for the forest industries," he commented.

Thus he thought that governments and local authorities should give no further incentives for developiog consumption of wood for energy without considering the possible negative effects on the forest industries. For Norway, a net exporter of oil, the problems surrounding biomass were not, however, acute.

Whereas power and heat accounted for only just over 5 per cent of the total cost of Norway's pulp and paper industry in 1973, they now make up between 20 and 25 per cent, more than manpower in some cases, Mr Holland pointed out.

He said newsprint capacity was due to be boosted in Norway by more than 50 per cent during the 1978-82 period, rising from 650,000 tonnes a year to nearly 1m tonnes.

Also dealing with the impact of currency movements on the industry, Professor Pentti Konri of New York and Helsinki universities, said the dollar was "grossly overvalued." He expected it to fall, but declined to forecast when.

Oil prices would also drop. This would not be "an unmixed blessing," however, though it would undoubtedly be of long-term benefit for world economies. But the flow of funds onto international capital markets would be reduced, while some industrial investments were based on high oil costs, an apparent reference to expenditure with an energy-saving element.

He said the dollar's value was 4 per cent above the level of May 1970, when exchange rate alignments started. It was also stronger than after the 1971 and 1972 devaluations, thus causing "a dramatic reversal in the international competitive position of the U.S. economy."

Turning to the effects on the industry of new media, Mr Jaakko Rauramo, Executive Vice President of Sanoma Corporation, owner of Helsingin Sanomat, said the newspaper, magazine, book and print advertising businesses would have to switch from an aggressive to a defensive strategy.

The most important new television, especially in the medium, he added, was cable satellite era. There were about 4,000 cable TV network companies in the U.S., nearly all linked to a satellite. "This makes the delivery of programmes to cable networks exceptionally efficient and inexpensive."

He felt, however, that the paper manufacturers were more interested in their own problems than in solving the problems of publishers and printers arising from these new developments.

Mr Finn Kern, Deputy Manager of the Association of Danish Newspaper Publishers, said new electronic media represented a great opportunity, but also a serious challenge to newspapers. But he thought most publishers felt newspapers would easily overcome the problems of the decade.

Ann Burdus, Senior Vice President and Director of Strategic Planning at the Interpublic Group of Companies of New York, dealt with the question of packaging. She described packages for consumer products as "a more important element in the marketing mix than ever before." with new demands now being placed on them.

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W. German company finances easing says Bundesbank

BY STEWART FLEMING IN FRANKFURT

THE FINANCIAL resilience of the West German corporate sector began to improve in the second half of last year following two years during which corporate profits have been coming under increasing pressure.

This is the conclusion reached by the Bundesbank in an analysis of the performance of the economy and the development of corporate profits in the second half of 1981 contained in its monthly report for March.

The report is released today in the wake of the decision by the Bundesbank Council yesterday to take another step in the direction of easing its monetary policy by dropping its "special Lombard" rate, the rate it charges banks for overnight funds, from 10 per cent to 9.5 per cent.

The cut in the Lombard rate was welcomed by industrialists and bankers. It was seen as a further sign of the central bank's willingness to try to ease interest rates down to help revive the still stagnating economy, even in the face of continued uncertainty about the outlook for dollar interest rates and the problems this creates for the D-Mark.

The cautious half a percentage point cut in the Lombard rate will be a disappointment for those, in particular the trade unions, who have been hoping for bolder steps from the central bank. These hopes had increased in the past two weeks following signs that this year's wage round will result in moderate wage increases below the current rate of inflation.

This week, however, the easier trend in West German credit market interest rates has been translated into further cuts in the cost of money, not just to the banks, but also to their customers.

Thus, at the beginning of the week Deutsche Bank, the largest West German commercial bank disclosed that it was cutting consumer credit interest rates by between half and a full percentage point. The cost of a four-year personal loan for example has been reduced from 16.24 per cent to 15.32 per cent. Through most of last year the rate was 17.15 per cent. Short-term business loan charges are also falling in response to recent declines in rates in the credit markets. Other banks have been following suit and also cutting interest rates.

In its monthly report, the Bundesbank makes it clear that the improving financial position of companies is partly the result of signs that the profits fall may have bottomed out. It is also a reflection of the efforts the companies have been making both to cut back on stocks and curb investment in order to improve their self-financing capacity.

The central bank estimates that the corporate sector's self-financing ratio improved to 90.5 per cent in the second half of 1981 compared with 79.5 per cent in the first half. It concludes that this stronger financing base, coupled with lower interest rates and the moderate wage round now expected, should make it easier for companies to increase investment spending. This fell last year and is still thought to be declining, according to industrialists.

Accident rate up in Polish mines

By Christopher Bobinski in Warsaw

THE accident rate in Polish mines militarised since last December's imposition of martial law—is rising rapidly, reflecting a continuing willingness by management to report the sort of incidents which in pre-Solidarity days would have been concealed.

So far this year, there have been 14 deaths in the country's mines, and a total of 5,642 accidents have been reported.

The figures were announced in parliament yesterday by the Minister for Mines, General Czeslaw Piotrowski, who also emphasised, however, that output this year had risen by some 14 per cent.

Last year—when Solidarity was still functioning and miners and management were encouraged to report anything going wrong in their sections—the number of mining accidents rose by 100 per cent from 11,200 in 1980 to 22,300.

Output last year in Polish mines fell by 16 per cent, as the working week was cut from six days to five and more liberal working practices were followed. The drop in production was accompanied by a fall in the number of fatal accidents, from the 1980 total of 127 to last year's figure of 89.

A leading Polish Party Politburo member, Mr Kazimierz Barcikowski, speaking in Krakow has meanwhile admitted that the Party leadership "sees the need for a quick resumption of trade union activity."

The statement came at a Party meeting where, according to the published account, speakers said that many problems could be resolved more easily with the return of trade unions. But neither this account for a document produced by the Central Committee department responsible for union policy provides any indication that the authorities envisage a return to the old-style Solidarity nor any kind of meaningful talks with the union's interned leadership.

Uncertainty yesterday still surrounded the question of whether the interned leader of Solidarity, Mr Lech Walesa, would be permitted to attend the christening of his baby daughter in Gdansk on Sunday. Both his wife, Danuta, and Father Henryk Jankowski, his parish priest, seemed pessimistic about the prospects.

Bonn coalition drifts into a dangerous mood

BY JONATHAN CARR IN BONN

MORE THAN 5m people in Lower Saxony go to the polls on Sunday in the first West German state parliament election since the general election of October, 1980.

The result is expected not only to give an important pointer to the level of public support for Chancellor Helmut Schmidt's sorely-strained Social Democrat (SDP)-Liberal Free Democrat (FDP) coalition in Bonn. It should also show whether "the Greens," the small ecological party, can consolidate its success in recent municipal elections.

At the last Saxony election in 1978, the Christian Democrats, who are in opposition at federal level in Bonn, won 48.7 per cent of the vote and make up the state government. The SPD gained 42.2 per cent and the FDP won only 4.2 per cent.

The state Premier, Dr Ernst Albrecht (left) will also be looking on Sunday to strengthen his claim as a future Chancellor against his rival, Dr Helmut Kohl (right), the Christian Democrats national leader.

"THE HEROES are weary," said a senior member of the West German government coalition the other day with a sad smile. He had been asked why he felt the Social Democrat (SPD) and Liberal Free Democrat (FDP) partners were in such poor shape, above all on the eve of a series of provincial elections which might decide the Government's future.

Not only do the two parties—allies for nearly 13 years—treat one another with a suspicion verging on hostility. They bicker in their own ranks as though privately yearning for the opposition benches and freedom from government responsibility.

At first sight, the suggestion that the parties are simply tired seems a rather poor answer. Surely there are any number of clear difficulties which explain the coalition's plight.

At home there are already signs of new federal budget problems, of the kind which brought the SPD-FDP to the brink of a split last year. Abroad, the Polish crisis and the tough stance of the U.S. Administration bring special pressures to bear on the Bonn Government, which is simultaneously trying to salvage what it can of its Ostpolitik while convincing its allies that its place in the Nato alliance remains as firm as ever.

Further, every deterioration in East-West relations makes it seem more likely to many West Germans—especially young ones—that nuclear arms control talks will fail and that new U.S. missiles will be deployed in the country. Hence the rise in support for "the Greens" and other groups involved in the so-called "peace movement," and the dissension in both government parties about how to react to the new challenge.

It is surely exaggerated to talk, as some do, of a "Weimar effect," meaning a splintering of parties and serious political instability. The West German rule that only parties which gain at least 5 per cent of the vote can be admitted to the legislature helps avert that danger.

However, it is highly likely that in at least three of the four provincial state elections this year—in Lower Saxony this Sunday, in Hamburg in June, and in Hessen in September—"the Greens" will clear the 5 per cent hurdle. It is certainly true that not for years has there been so much speculation about who may ally with whom as a result of these elections. Only in the fourth poll in October in Bavaria, dominated by Herr Franz Josef Strauss's Christian Social Union, which is in opposition in Bonn, is there no question mark at all.

If the plight of the coalition could be explained by these practical problems alone, then its prospects would seem less gloomy than they do. After all, it is not a foregone conclusion either that the Polish situation will deteriorate or that the Soviet-U.S. nuclear talks will collapse. In other words, if the SPD-FDP keeps its head down, it stands at least a fair chance of emerging from a bad patch.

The country's economic performance is also relatively good. Inflation is already under 6 per cent at an annual rate, something close to a record visible trade surplus is likely this year and the current account deficit could be wiped out. A further revaluation of the D-mark is widely expected within the European monetary system (EMS) during the year, probably combined with a devaluation of the French franc among other currencies.

The trouble is that the coalition has drifted into a dangerous mood in which positive developments are simply noted, but then mentally discounted, and even small problems are mulled over and fester interminably. Sick jokes emerge in the civil service about the Government which used not to be heard—at least not to the same extent. The whiff of scandal also hovers around some senior government members because of an investigation into bribery and tax evasion.

Some people have compared the mood to that in late 1973 and early 1974, when the SPD was similarly losing support throughout the country and Herr Willy Brandt finally stepped down as Chancellor.

One main difference between then and now, however, is that Chancellor Helmut Schmidt is prepared to stand and fight, as one of his aides trenchantly put it, "until he drops." One sign of this was his decision to call a parliamentary confidence vote last month, which he easily surmounted.

Another has been his recent statement that he would be ready to stand again for the chancellorship in the 1984 general election if the party wanted him. He suggests publicly that this remark is intended to frighten the opposition Christian Democrats (CDU). But it is just as much aimed at trying to discipline the SPD and FDP, to show them he is no "lame duck" who is on his way out.

On balance, Herr Schmidt is also likely to emerge victorious from the SPD congress in Munich next month, despite the certainty of tough debates on government security policy, nuclear energy and unemployment. The problem is that each personal triumph for the Chancellor seems to bring only temporary relief. When the applause dies down, the problems re-emerge as does the back-biting.

Herr Hans Dietrich Genscher, Vice-Chancellor, Foreign Minister and chairman of the FDP, is hardly in a more comfortable position. His party gained 10.6 per cent of the vote at the last general election (compared with the SPD's 42.9 per cent) but attachment to a now-faltering SPD could easily drag the Liberals down close to the 5 per cent danger mark.

His recent efforts to appear more open to alliance with the Christian Democrats, however, immediately brought a revolt from his own left wing. Herr Genscher is famed as a political tactician. But even he finds it hard to master a situation in which cautious movement either to the political left or right immediately loses him support at the other end.

If the Christian Democrats and Christian Socialists were wholly united in the desire to bring down the Government quickly, then their chance of success would be quite good, but an early change in Bonn would not be welcome to several key opposition figures.

Dr Helmut Kohl, the CDU leader, would almost certainly become Chancellor if the SPD-FDP were to be toppled in the next year or so, but he has his rivals, who could strengthen their claims by doing well in provincial elections. One is Dr Ernst Albrecht, Premier of Lower Saxony, who is looking for a boost from Sunday's polling there.

Another is Dr Gerhard Stoltenberg, Premier of Schleswig Holstein, where elections are due next year. Last but not least, there is the ubiquitous Herr Strauss, who seems certain to consolidate his power in Bavaria this autumn.

The upshot is that the opposition, despite its strong rhetoric, remains a resistible force. The government coalition stays put although it looks to be a highly movable object, and "the Greens" hover in the background as potential spoiler to both. It is a peculiarly unsettling political constellation for the tidy-minded West Germans.

Portuguese seamen again on strike

By Diana Smith in Lisbon

PORTUGAL'S merchant navy has gone on strike for three days. It will affect all 96 vessels of the Portuguese fleet and incur losses estimated at $5.7m.

The seamen's strike, one of several in the past year, follows hard on the heels of a 13-day train drivers' stoppage that lost the crippled railway system $400,000 a day.

The Communist party and its tied trade union confederation, CGTP-Intersindical, have vowed to keep up labour pressure until the Government falls. The merchant seamen's repeated strikes are seen as part of this pattern: they have lost many badly-needed orders for national shipping companies and seriously undermined international confidence in the fleet.

The Prime Minister, Sr Francisco Pinto Balsemao, meanwhile is spending two days in Athens learning how Greece has adjusted to European Community membership. Sr Balsemao has made a marathon tour of EEC capitals since the beginning of the year, in the hope of rallying support for Portugal's speedy accession.

As he left Lisbon, the Prime Minister said that he considered the visit to Athens would be particularly useful. Greece is the latest EEC member and he would be able to see first-hand the consequences of accession for the Greek economy.

Portugal hopes to complete its negotiations for membership and sign the accession treaty by the end of this year.

Madrid confirms Basque fines

MADRID — The Spanish Government has approved fines totalling Pta 25m (£133,000) on the organisers of a rally where Basque separatists burned a Spanish flag.

The four organisers and the radical Basque nationalist coalition Herri Batasuna were fined Pta 5m each as bearing responsibility for incidents at the rally in San Sebastian on March 7.

An explosion on Wednesday night wrecked a power transformer near San Sebastian owned by Iberduero. The company is the target of a bombing campaign by Basque guerrillas opposed to a nuclear power separatist guerrilla group. Reuter.

Saudis face pressure to cut oil output

By Richard Johns in Vienna

SAUDI ARABIA will come under intense pressure at the emergency meeting of the Organisation of Petroleum Exporting Countries (Opec) starting here today, to lower still further its output ceiling, as the only means of maintaing the price structure of the producers' association.

Whether or not the Kingdom is prepared to cut its maximum ceiling from the 7.5m barrels a day (b/d) set nearly two weeks ago, to a minimum of 6m b/d the prospects of an effective agreement being reached are very poor, according to members of the first delegations to arrive bere.

An Opec total target of 18.5m b/d, involving a notional reduction from a supposed level of 20m b/d was set tentively at an informal gathering of seven Oil Ministers—those of the seven Arab members, Nigeria, and Indonesia—in Doha, Qatar on March 6. But actual output has been calculated to be as low as 18.2m b/d in the early part of this month.

Dr Mana al Otaiba, the United Arab Emirates Minister of Oil and current Opec President frankly admitted the problem yesterday. He said: "I think we will have to look for a lower figure than 18.5m b/d. We are willing to go all the way," be said, to cut production to defend the $34 reference price, which was established only three months ago, at Opec's last ordinary conference in Abu Dhabi.

Failure to agree on a significant Saudi production cut could result in Nigeria, whose foreign exchange reserves have alipped to a dangerously low level, and whose oil production has begun to fall ominously again, breaking ranks and cutting its price. It now charges $36.50 a barrel compared with the $31 being charged by the British National Oil Corporation for North Sea crude, Nigeria's main competitor.

There has been speculation—but no confirmation—that Saudi Arabia has undertaken to support Nigeria with soft-term loans until the market has been brought into some kind of equllibrium.

Sen. Humberto Calderon Berti, the Venezuelan Energy Minister, said be did not believe that the 13 members could reach a "formal decision."

J. D. F. Jones in Johannesburg reports on the debate over changes to the apartheid system

South African society conducts a dialogue of the deaf

OUTSIDERS sometimes seem to believe that political thinking in South Africa is rigid, as well as reactionary, that apartheid is unchanging and unchangeable. They are wrong, and one proof is that the country is today going through a ferment of debate in which the very fundamentals of society are being questioned.

The ruling National Party is this month in convulsions over whether, or bow, to share whita power with the coloured people (of mixed race) and Indians; the Government's own President Council will next month produce proposals for a restructuring of the constitution; the "Buthelezi Commission," set up by the leaders of the largest legal black political organisation, last week published a far-reaching report calling for black-white power-sharing in the province of Natal; and every politician worthy of the name has a private hlueprint for a new system which, somehow, might bring harmony to this deeply-divided nation.

The trouble is that it is a dialogue of the deaf. The Government, for instance, rejected the Buthelezi Commission proposals out of hand. The Right wing of the National Party has split, rather than accept its own Prime Minister's definition of "bealthy power-sharing." The President's Council is hoycotted by the white opposition Progressive Federal Party (PFP)—and anyhow has no brief from the 20m black majority.

Moreover, it is a debate which is lopsided from the start, for it is taking place only in officially-sanctioned institutions and parties: the illegal but

Dr Treurnicht (left) and Mr Botha . . . split over power-sharing plan.

undoubtedly popular African National Congress (ANC), and the loosely-organised black consciousness leaders, will talk only about universal suffrage in a unitary state.

The text for the latest debate on the political system for the coloured and Indian communities comes from a Cabinet committee that was set up in 1977, under the chairmanship of the preseot Premier, Mr P. W. Botha.

At the time the Naticoal Party Government, confident that it had firmly established the apartheid system for the blacks—who were to be content with a network of tribal homelands—could turn to the issue that had worried all morally-minded Afrikaners since separate development was first dreamed up: where to fit in the 2.5m coloured people wbo, as the mixed-race descendants of the Afrikaners, palpably did not have their own territorial homeland.

The 1977 committee thrashed out a plan under which, in the words of the Survey of the Institute of Race Relations: "The white, Indian and coloured minorities will each have their own parliament, which will legislate on matters pertaining exclusively to the group concerned, for example education and housing.

"Matters of mutual concern will be dealt with by a Council of Cabinets on which all three racial groups will be represented . . . legislation being adopted by consensus wherever possible. Ultimate power will be with an elected Executive State President.

"The principle of proportional representation will he applied in regard to the memhership of all the new bodies to be created, using the ratio four white : two coloured : one Asian . . . the Council of Cabinets will be composed of the three Prime Ministers and other Cabinet Ministers from each parliament, their numbers to be determined in accordance with this ratio." The whites thereby maintain a majority.

The Prime Minister and his supporters are now arguing, with what looks like justification, that Dr Andries Treurnicht and his Right-wing rebels are being disingenuous when they say that they never realised the 1977 proposals implied power-sharing with other communities.

The struggle has been conducted in full public view, with the Prime Minister having to issue statements insisting that this species of power-sharing is logical, that it does not jeopardise self-determination, and—Heaven forbid—that it has nothing in common with the opposition PFP policy of power-sharing (since that presupposes a unitary, if federal South African State).

To the outsider, this begins to sound like mediaeval talk of angels dancing on the point of a pin—and, of course, the Afrikaners are a theologically-minded people. But it matters enormously, because it will decide whether the Prime Minister has the power, and the will, to introduce reform policies in South Africa.

Next month the President's Council, an advisory body which has succeeded the senate, is to come up with constitutional proposals relating in the first instance to regional and local government.

The Prime Minister has promised that they will be debated thoroughly, possibly in a national referendum, before any policy decision is taken, so the pot will continue to boil.

The argument is not really focusing on Parliament, although the PFP and the smaller New Republic Party (NRP) both have their versions of power sharing. It has become a struggle for the National Party, where the opposition to Mr Botha and his concern for the role of the Coloureds is certainly not limited to the 16 MPs who have so far left the party.

The Treurnicht position, crudely, is that power-sharing represents the thin end of the wedge; that white South Africa can only survive if it rigorously isolates the various racial components of the nation; and that the wbite man must remain supreme in his own territory, ie outside the black "nation-states."

This is where the Buthelezi Commission has interrupted the argument. This high-powered multiracial commission, which included politicians, academics and businessmen such as Mr Harry Oppenheimer, unanimously rejected the official bomeland policy and, looking specifically at Natal, argued for a close relationship of the territories covered by the white-ruled province and chief Gatsha Buthelezi's Zulu state.

Power-sharing is again the answer—but this time it must be between white and black in a non-racial regional authority with a joint executive and a joint legislature though still as part of an overall South African state.

Not surprisingly, these ideas are anathema to Mr Botha, as they are to Dr Treurnicht. They have also been rejected by the NRP, which governs the province.

But they are still part of the great debate, along with a report by the distinguished Pretoria economist, Professor Jan Lombard, which ruled against the viability of Kwazulu, and the Quail Commission on the Ciskei, which amounted to a formidable dismissal of the homeland policy.

As evidence of hlack impatience mounts, it seems to many moderates that power-sharing offers the best half-way house towards e more permanent and more desirable South African system.

To Mr Botha's national party, of course, it offers the ultimate point towards which the whites could move.

Kaunda 'wants to meet Botha'

PRESIDENT Kenneth Kaunda of Zambia has told the Johannesburg Star newspaper that he would like to meet Mr P. W. Botha, the South African Prime Minister, and his Cabinet to discuss "potentially explosive" developments in southern Africa. Subjects for discussion should include independence for Namibia and racial tensions in South Africa, Dr Kaunda said. He would meet the South Africans anywhere "as long as it is not a hidden meeting."

Trade pact extended, Page 6

Second Indian state government resigns

By K. K. Sharma in New Delhi

PRIME MINISTER Indira Gandhi's Congress (I) Party was jolted again yesterday when, for the second successive day, a state government it had formed was forced to resign.

Mr Keshab Chandra Gogoi, Congress (I) Chief Minister of the oil-producing state of Assam, resigned before a no confidence motion against his Government could be taken up by the legislature.

The Congress (I)-led coalition in the southern state of Kerala resigned on Wednesday after it lost its majority and President's Rule (direct rule from New Delhi) was imposed. President's Rule has also now been imposed on Assam, which has been affected by a statewide students' agitation for over two years.

The students are seeking the expulsion of "foreigners" —mostly immigrants from Bangladesh and Indians from West Bengal—from Assam on the grounds that their culture is threatened and they are losing job opportunities.

The agitation led to the loss of 3m tonnes of crude oil in 1979-80.

The Assam and Kerala developments underscore the crisis in Mrs Gandhi's Congress (I) Party. It is sharply dividend and disorganised in a number of states where elections should be held in the next few months. For this reason, the party is trying to delay the elections.

The problem is particularly acute for the party in the Marxist-ruled state of West Bengal, where the term of the legislature expires in June. The Chief Minister, Mr Jyoti Basu, has sought early elections to prevent Mrs Gandhi from imposing President's Rule in the state.

This would give Congress (I) an advantage because the Marxists would then not be in power. The ruling party has the advantage in elections of being able to use the Government apparatus, or at least prevent its opponents from doing so.

The Congress (I), which is hopelessly dividend in West Bengal, is challenging the validity of the electoral rolls before the Supreme Court.

Japan interest rates may move

BY RICHARD C. HANSON IN TOKYO

JAPANESE long-term interest rates, which are strictly controlled by the Finance Ministry, may be lowered in the next few weeks to give the ecooomy a much - needed psychological hoost. But the Government is unlikely to approve anything more than a very small decline to avoid weakening the yen or disrupting the bond market.

Officials have been encouraged by a recent improvement in bond market prices. From early this month, yields on the secondary market have slipped below that of issuing yields on long-term government bonds.

A 10-year bond carries an annual yield at issue of 8.015 per cent, while market yields have fallen to about 7.7 per cent. Officials are cautiously waiting to see if this favourable trend will continue before taking a decision to lower rates.

In Jaouary the Ministry allowed a small 0.3 per cent rollback in coupon rates and the long-term prime lending rate now 7.7 per cent and 8.6 per cent, respectively. In September the Government was forced to increase the coupon on its ten-year bonds to 8 per cent to end a boycott by uoderwriters protesting about the large gap between secondary market yields and the government's issue price.

A further decline in ioterest rates would run the risk of undermioing the yen which has been weakened mainly by the large gap between Japanese and U.S. interest rates. It could also trigger another fall in bond market prices.

The Government at present has no plans to lower the short-term official discount rate (currently set at 5.5 per cent) as a means of stimulating the economy.

Israelis replace W. Bank mayor

BY DAVID LENNON IN TEL AVIV

ISRAEL yesterday dismissed the elected mayor and muoicipal council of the West Bank town of El-Bireh because of its refusal to co-operate with the "civilian" administrator recently appointed to replace the military governor.

The move was also seen as a response to the Jordanian threats against the Israeli-sponsored village leagues which are being set up to challenge the authority among the Palestinians of the nationalist mayors of the West Bank.

Protests and demonstrations erupted across the occupied territory as news spread of the Israeli decision to replace the El-Bireh mayor by an Israeli army officer. Strikes were declared in a number of towns

The West Bank mayors, who were elected in 1976, fear that this is the first step by Israel towards removing all of them so that it can eventually bring forward the leaders of the village leagues as representatives of the Palestinians in the negotiations for granting the West Bank and Gaza Strip limited autonomy.

The outspoken West Bank mayors have already suffered a nnmber of blows. In the past two years the mayors of Hebron and Halhonl have been deported, and the mayors of Nahlus and Ramallah were severely injured by car bombs, believed to have been the work of Jewish extremists.

Mayor Ibrahim Tawil of El-Bireh, who narrowly escaped injury from a car bomb 19 months ago said as he was being marched out of his office yesterday that regardless of the actions of the Israeli authorities, the people of his town would still regard him as mayor.

AMERICAN NEWS

Promoter buys back world's biggest circus

BY PAUL BETTS IN NEW YORK

MR IRVIN FELD, the music promoter, and his son Thomas have bought back for $22.8m (£12.6m) in cash the Ringling Brothers and Barnum and Bailey Circus from Mattel, the U.S. toy and children's books company.

Mr Feld, who helped bring the Beatles and Rolling Stones to the U.S. and managed singer Paul Anka in the 1950s, has been with the circus since 1956. He bought it from John Ringling North and his heirs in 1967, and then sold it to Mattel in 1971. He has been negotiating for some time to buy back the circus—the biggest in the world.

One of his aides said yesterday Mr Feld was delighted. "Mr Feld feels a circus should be in the hands of a family and not of a corporation," she said.

Mattel said it had decided to sell the circus company to Ringling Brothers' senior management, or to Mr Feld, who continued to manage the troupe after selling it to Mattel. The company wants to concentrate in its main businesses, including traditional toys, electronic games for adults, children books and hobby products.

The deal involves, in addition to the two separate travelling circus troupes, the entertainment company's ice follies and holiday on ice subsidiary. Mattel, through Ringling Brothers, acquired the ice in 1979.

Mattel also owns the Ringling Brothers—Barnum and Bailey Circus World near Disneyworld in Orlando, Florida. This is the only circus—orientated family theme park in the world. It opened in 1974. The theme park is not part of the deal with Mr Feld. Mattel said it was holding on to these assets.

The circus, whose troupes staged more than 1,000 indoor performances in 77 major U.S. cities last year, is one of the country's most popular institutions. The circus was formed when the Ringling Brothers and Barnum and Bailey merged in 1919. Barnum himself, and the story of the early days of the American circus, is currently the subject of a hit Broadway musical.

The circus, according to Mr Feld's aide, has always operated in the black. Mattel's entertainment division, including the circus, the ice shows and the circus theme park, had revenues of $81m last year and operating profits of $2.4m in its fiscal year ended January 1981.

But Mattel said yesterday its entertainment business accounted for only 9 per cent of its overall sales and 3 per cent of operating profits last year.

Mattel, which started in a Los Angeles garage after the Second World War and later brought the Barbie doll to the U.S., earned $7.9m last year on sales of $916m. In the fiscal year ended January 1981. In the first six months of the fiscal year to end January 1982, profits were only $914,000, reflecting a first-quarter loss.

It has recently been seeking to build up a large presence in the electronic game market as well as venturing into cable television and the home computer market. But its electronic games and home entertainment video system have made heavy weather in the current economic slump and an electronics game market which has been progressively saturated.

David Lascelles reports on the latest casualties in the U.S. press

Carnage in newspapers' fight for survival

WHEN Vere Harmsworth's Associated Newspaper Group closed down Soho News this week it was a sad moment for readers of the New York counter-culture weekly. It was also another heavy blow for the United State's fast-shrinking newspaper industry, which has seen four major daily newspapers disappear in the last nine months and could see another big closure before spring is over.

The second half of last year was especially bad for the industry. In July the Washington Star, the capital's afternoon newspaper, folded leaving the market to its sole competitor the Washington Post. Time Inc., the magazine group which bought it in 1978, lost US$85m (£47m) trying to make it work, but finally threw in the towel after circulation failed to pick up and advertising fell off.

In August, the New York Daily News scrapped its evening edition called "Tonight" and left that market to Rupert Murdoch's New York Post. Tonight was only one year old, but it had failed to win more than a tiny fraction of the advertising and readership it needed to survive.

Then, in December, the Philadelphia Journal, a morning tabloid, disappeared from the scene after losing $15m in its brief four-year life. Clearly it did not fail because of its youth. A few days later the Philadelphia Bulletin, a venerable 134-year-old afternoon paper with four times the circulation levels, published its last edition and vanished from the streets for ever.

Even then the carnage was not over. Just before Christmas, the New York Daily News was back in the headlines when its owners, the Chicago Tribune Company, put it up for sale and strongly implied that they would shut it down if no one stepped forward.

These were only the most publicised closures. Elsewhere in the U.S. many smaller papers have been closed, sold or transformed into free sheets in what is turning out to be an especially bloody phase in the perennial shake-out of the traditional Press.

As before, the reasons are familiar ones. The Star and the Bulletin were afternoon papers whose delivery systems were choked by rush-hour traffic, and whose news was stale when it reached homes where people were watching the evening news on television.

Once a newspaper goes into decline, the economics of the business mean the stronger paper can acquire more than its share of the advertising: the Star's competitor, the formidable Washington Post, had nearly twice its circulation and more than twice its advertising revenue.

The Philadelphia Bulletin saw its circulation dwindle from 700,000 to 405,000 until it became what one of its editors called "a dinosaur—unable to hold itself up.

The Philadelphia Journal lost out on advertising revenue too. "The cake had to be sliced between 35 radio stations, a dozen television stations and four daily newspapers," said its owners, Quebecor of Montreal, bluntly illustrating the enormous competitive pressures facing both the electronic and printed media.

The New York Daily News' problems belong to a different category. With one of the largest and most loyal readerships in the country (1.5m copies a day, nearly equivalent to its two competitors combined, the Post and the Times) it would appear to enjoy an unassailable position.

The News is weighed down by the legacy of the past, however. It is heavily overmanned, and labour costs alone take up over half of its annual revenues of $350m. Last year it lost $11m, and expects to lose $30m this year.

In addition, the population drift to the suburbs and fierce competition from Murdoch's Post have eaten into its circulation to the extent that sales are now down by 30 per cent from their peak.

The fate of the News still hangs in the balance. Salomon Brothers, the Wall Street investment bank, is looking for a buyer.

The labour unions, aware that they might be held to blame if the paper folds, have rallied round. The printers have voted to put 10 per cent of a pay rise due at the end of this month into a special fund to buy stock in the paper.

This is widely seen as an empty gesture. It will only yield about $10m, a fraction of what is believed to be the asking price.

The closure of the News would be a major tragedy for the city, whose spirit it embodies, and the New York authorities have promised to help with tax incentives and other official assistance if that will keep it alive. Should it die, the winner will be Mr Murdoch who will have the entire popular market, morning and evening, to himself with an opportunity to turn the loss-making Post into a money-spinner.

Aside from losing jobs and business, these closures have raised concerns about the gradual concentration of newspapers into a few large groups. Many American cities now have only one newspaper, for example, Washington and the Post. If they have two, they tend to be morning and afternoon papers owned by the same group, as in Philadelphia where the Knight-Ridder group now reigns supreme.

Knight-Ridder owns nearly 50 newspapers with a total daily circulation of 3.6m. Gannett, another large chain, owns nearly 80 newspapers in 35 states. Both are profitable. Knight-Ridder's profits were up nearly 10 per cent to $100m last year, Gannett's were up 13 per cent to $172m suggesting that there is still a place for large, broadly-based newspaper groups.

Gannett is also determined to prove that the newspaper business need not be an endless saga of closures. In one of the most ambitious new publishing ventures for some time, Gannett plans to launch the United States' first nationwide newspaper this autumn. To be called USA Today, it will start in Washington and gradually expand over the next six months into 15 of the 20 markets.

The performance of the paper, needless to say, will be closely watched. It could become the latest ill-fated venture, or equally well indicate the start of a new era.

The closure of the New York Daily News would give the entire popular market in the city to the New York Post, owned by Mr Rupert Murdoch (above)

'First crack' in Reagan confidence

By Reginald Dale, U.S. Editor in Washington

President Ronald Reagan, whose cultivated image is one of amiable unflappability, has displayed the first sign of exasperation with his favourite medium, U.S. television.

Frustrated by the obstinate refusal of the recession to come to an end, he has resorted to the classic ploy of politicians worldwide when cornered—blame the press.

In an interview with the Daily Oklahoman this week, Mr Reagan reveals what one aide described as "the first crack" in his usual brimming confidence. The television networks, he said, were contributing to the delay in economic recovery by constant "downbeat" news coverage.

"You can't turn on evening news without seeing that they're going to interview someone else who has lost his job or they're outside the factory that has laid off workers or so forth—the constant downbeat—that can contribute to slowing down a new recovery that is in the offing," the President complained.

Describing television, which he has so often exploited to his advantage, as "an entertainment medium, looking for the eye-catching and spectacular," Mr Reagan continued: "Is it news that some fellow out in South Succotash someplace had just been laid off that he should be interviewed nationwide?"

When a reporter asked him whether his "rightful image as a compassionate, kind generous man could be eroded by this sort of thing," Mr Reagan replied: "I think there's not only a possibility, I think they've done a pretty good job of it. I'm scrooge to a lot of people and if they only knew it, I'm the softest touch they've had for a long time."

Increasingly, according to his officials, the President privately criticises what he regards as negative coverage by the press,

Calls to raise taxes 'disappoint' Reagan

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan yesterday told a conference of U.S. manufacturers hat he was "disappointed" with calls from the business community to increase axes. Blaming the recession on a "legacy of misguided policy," he said that raising taxes was "like feeding a strap pup. The Government just follows you home and sits on your doorstep asking for more."

Earlier, Mr Paul Volcker, chairman of the Federal Reserve Board, said that an early resolution of the stalemate over the 1983 budget was the most urgent requirement for re-establishing confidence in the financial markets.

But as Mr Volcker was speaking to the National Association of Manufacturers here, indication grew on Capitol Hill that a compromise between Democrats, Republicans and the President was no in prospect.

The Democratic Chairman of the House of Representatives Budget Committee, Mr James Jones, is now so convinced that a bipartisan alternative o the President's budget is impossible that he has suggested simply putting the original budget to the vote on the floor of he House, with the near certainty that the resolution would be defeated.

Mr David Stockman, the White House Budget Director, told the same conference however that he sees "the beginnings of a solution" to the impasse, but added that any attempt to tamper with President Reagan's personal tax reductions was "a formular for political deadlock."

Control of Fed claim

BY OUR WASHINGTON CORRESPONDENT

MR HENRY REUSS, chairman of the Congressional Joint Economic Committee, claimed yesterday that, contrary to the widely-held belief that the U.S. Federal Reserve Board is politically independent, Congress can issue it with instructions which the board of governors would be legally obliged to follow.

He said the idea that the Fed, which is responsible for the conduct of U.S. monetary policy, is "independent" is based on a constitutional confusion between the powers of the President and the Congress.

While the Fed is independent of the President, it is "the creature" of Congress and must follow congressional directives, even if these are not supported by the President, he said.

Testifying before the House of Representatives budget committee, Mr Reuss cited a long series of statements by Congressmen and chairmen of the Fed going back to the 1950s, in support of his view that the Congress could instruct the Fed to relax monetary policy.

The Fed yesterday acknowledged this interpretation of the constitutional position, adding: "The Federal Reserve has always faithfully carried out the directives of Congress, although there has never in the past been a directive conflicting with the board's own views on monetary policy. The Fed's independence is only from the executive branch of the Government. The Fed was established by Congress and Fed chairmen have always said that it is the creature of Congress."

Mr Reuss said that Congress should pass a "do-it-yourself budget resolution" restricting increases in military and non-military spending and repealing the planned 1983 tax cut.

U.S. warns on missiles for Cuba

WASHINGTON — Mr Casper Weinberger, U.S. Defence Secretary, said yesterday the Reagan Administration would not tolerate any stationing of Soviet nuclear missiles in Cuba.

Such a move would violate the U.S.-Soviet understanding that ended the 1962 Cuban missile crisis and resulted in removal of Soviet missiles from the Caribbean island, he said in a television interview.

Mr Weinberger was responding to a speech by Soviet President Leonid Brezhnev this week in which, Western officials said, the Kremlin leader seemed to threaten that Moscow might put missiles in Cuba if Nato deployed 572 new missiles in West Europe as planned starting late next year.

"If there is any kind of threat of that sort, I would assume we would deal with it in the same way we did in the 1960s," Mr Weinberber said.

Asked if he was specifically threatening the same kind of U.S. naval blockade of Cuba that ended the 1962 crisis, he said: "No. I'm talking about whatever would be necessary to do not to have missiles in the Cuban area."

Mr Weinberger described as obscure the warning in the Soviet leader's speech last Tuesday announcing a freeze on deployment of Soviet medium-range missiles in Europe.

"We don't know what he was talking about. It was a very obscure, ambiguous phrase."

Mr Brezhnev said that if Nato went ahead with its planned deployments, "this would compel us to take retaliatory steps that would put the other side, including the United States itself, its own territory, in an analogous position."

President Ronald Reagan said yesterday the Government had not completed its analysis of Moscow's warning that it would take "retaliatory steps" if the U.S. carried out plans to install new medium-range missiles in Europe."

"We're studying all the implications in that," Mr Reagan told reporters.

He was speaking at a White House ceremony at which he nominated new Chiefs of Staff for both the U.S. Navy and Air Force. The men are General Charles Gabriel and Admiral James Watkins respectively.

The Senate is expected to give routine approval to the nominations.

Agencies

Paul Cheeseright reports on Mr. Masumi Esaki's plans for a trade initiative

Japan aims to ease friction with West

THE JAPANESE Government is preparing new trade initiatives to ease friction with its Western partners in the EEC and U.S. before the June economic summit to be held in Versailles.

"The Liberal Democratic Party is working very hard with an initiative trying to contribute to the improvement of the situation," said Mr Masumi Esaki, leader of a large delegation to the EEC, currently in London, during an interview yesterday.

The delegation is prepared to listen, take back ideas and prepare the necessary measures before the June meeting, he said. But while the delegation could formulate the ideas, it is up to the Government to take the action.

The Esaki group is composed of senior figures in the Liberal Democratic Party, which has ruled Japan for 37 years. Many of its members have held Cabinet positions and are likely to take office again at some point. Its importance in Government counsels is, therefore, considerable.

But Mr Esaki implied that the measures could be limited, drawing attention to the 27 quotas Japan maintains on imported goods. He stressed the difficulty of movement on agricultural products, because of the problems increased imports would pose to small scale farmers. But quotas on agricultural products account for 22 of the quotas.

Mr Esaki's comments revealed a live concern about the future of the international trading system and Japan's role within it, coupled with a firm conviction that many western complaints about restricted access in the Japanese market are the result of misunderstanding.

He suggested, for example, that U.S. complaints about access are based on the experience of 10 years ago when American companies were often unsuccessful in their approach to the market.

"This is wrong. The Japanese market is open," he claimed, adding pointedly, "We are waiting for United Kingdom companies to come to Japan."

And, in another context, he hinted that the UK view of its trade balance with Japan is misguided. Trade should be considered globally, he argued. Although the UK has a deficit with Japan, the UK itself is in trade surplus.

Nevertheless, it is the mounting deficit which the U.S. and the EEC have with Japan, linked with concern about access to the Japanese market, which has prompted Western countries to put increased pressure on Japan for a policy of trade liberalisation and more restrained exporting.

The Esaki mission is in London trying to put a brake on that pressure. But Japanese officials privately concede that their country needs now to put as much thought into exporting and marketing strategy as it has done into raising the production levels of industry.

It is argued that the exposure of senior politicians to Western complaints is part of the internal process of change. By channelling back Western concerns they can help create movement in the bureaucracy to reflect the aim of the Government to make Japan more import-oriented.

But it is clear from Mr Esaki's remarks that immediate measures going beyond palliatives are not thought to be realistic. The solution to the trade imbalance difficulty with the UK, for example, "should be conducted by active Japanese investment to provide opportunities for employment."

There are 25 Japanese companies with plants in the UK, a higher level of investment than elsewhere in the EEC. But in 1981, on the basis of Japanese figures, the UK deficit on bilateral trade rose 10.5 per cent to $2.1bn.

British industrialists contend, however, that if exceptional items like non-monetary gold and UK cargo vessels sent to Japan for refit are stripped out of the figures, the deficit rose 73 per cent last year over 1980.

It has been widely felt in the EEC and the U.S.—and Sir Geoffrey Howe told Mr Esaki this on Wednesday—that it would be directly helpful for Japan to discourage exports and

Mr Masumi Esaki

encourage imports by raising the value of the yen.

There is no intention of taking any measures now, Mr Esaki said. Under the floating rate system, it was high U.S. interest rates which had made the yen weak. But he thought that Y200 to the dollar would be an appropriate rate, instead of the Y240 presently prevailing.

This points to Japan's difficulty of trying to find the sort of measures which would appease its trading partners without losing the competitive advantages so painstakingly built up in recent years.

At the same time Mr Esaki made it clear Japan did not want to be the scapegoat for the economic difficulties of Western nations. "I doubt if this will do any good to western nations," he said.

With some sense of grievance, Mr Esaki noted that in sensitive areas like steel and shipbuilding, Japan had reduced its capacity.

Since the second oil crisis, its iron and steel production had dropped from 186m tonnes to 100m tonnes a year and its shipbuilding had dropped from 10m tonnes to 6.5m tonnes, he noted.

But Mr Esaki made two points which appear to be behind all the Japanese Government's thinking on trade problems. First Japan is inseparably linked with the U.S. and the EEC—thus, as Mr Esaki put it, Japan wants to help improve the current economic climate. Yet, he did not seem very clear how this might be done.

Second Japan remains fearful of protectionism. Mr Esaki recalled that protectionism in the 1930s was the prelude to World War II.

"Protectionism could exist for a while. But it is just like opium—the wish for more would increase. This would only result in retaliation, making it a serious political issue," he said.

Jobert gives Tokyo customs warning

By Charles Smith, Far East Editor, in Tokyo

Japan could find itself faced with a "customs happening" in the French market if it continues to take little or no action in response to European trade grievances, M Michel Jobert, French Foreign Trade Minister, said.

He was "willing to bet" that other European countries besides France would introduce protectionist measures against Japan within six months, failing decisive action by Tokyo to reduce its trade surplus.

Countries taking such actions would include some which "now claim to be among the least protectionist members of the Community."

M Jobert declined to spell out the precise demands which France is making for improved access to the Japanese market. He indicated, however, that President Francois Mitterrand would use his visit to Tokyo in April to try to persuade the Japanese Government to agree to guidelines for "better behaviour" in world trade.

If Japan co-operated, these guidelines could be adopted.

The alternative might be widespread action against Japanese imports by European countries.

Zimbabwe trade pact with South Africa extended

BY BERNARD SIMON IN JOHANNESBURG

THE PREFERENTIAL trade agreement between South Africa and Zimbabwe, due to expire next week after being in force for 18 years, has been extended, Dr Dawie de Villiers, South Africa's Minister of Industries and Commerce, said yesterday.

Negotiations on a new agreement have been taking place for several months. Renewal of the existing pact is apparently intended to fill the gap while details of the new agreement are finalised.

A Zimbabwean delegation visited Cape Town recently for talks with South African Government officials on the issue.

South Africa gave notice that it was terminating the agreement a year ago, at a time when political relations between Pretoria and Salisbury were at a low ebb. Diplomatic observers have suggested that pressure from the U.S. has contributed to South Africa's change of heart.

The present agreement overwhelmingly favours Zimbabwe, whose exports of manufactured goods to South Africa totalled about $125m (£69.4m) in 1980, some 41 per cent of the country's manufactured exports.

The provisions of the trade agreement, which include preferential tariffs and exemption from some import controls, cover almost two-thirds of Zimbabwe's exports of manufacturers to South Africa.

Zimbabwean producers of cigarettes, textiles, clothing, furniture, footwear and radios would be particularly hard hit by the termination of the agreement.

The Confederation of Zimbabwe Industries said recently that an end to the agreement would have "serious and far-reaching effects" on local industry.

The South Africans are expected to insist that the new agreement, while retaining most of the existing benefits to Zimbabwe, should favour South African manufacturers to a greater extent than is presently the case.

Our Salisbury Correspondent adds: The Confederation of Zimbabwe Industries yesterday welcomed with "much relief" the South African Government's announcement.

Oil boosts Britain to surplus with U.S.

BY DAVID TONGE

BRITAIN last year recorded a rare trade surplus with the U.S.

Figures just released by the Department of Commerce in Washington show that U.S. exports to Britain fell 2 per cent to $12.4bn (£6.8bn) while imports jumped 31.6 per cent to $12.8bn.

British figures are not available because of last year's civil service strike, but detailed U.S. figures for trade in the first 11 months of 1980 and 1981 show that the turn-round is almost entirely due to a surge in shipments of North Sea oil.

The 11-month figures show that British crude exports to the U.S. reached $4.8bn (£2.6bn) compared with $1.8bn in the same period a year earlier.

There was a 12 per cent fall in the dollar value of British chemical exports to $724m in January to November of last year, but most other categories held up well.

The rise in the value of the dollar means strong sterling returns for British exporters of machinery ($2.6bn exports in the first 11 months of 1981), and aircraft ($359m). Exports of cars and trucks both fell.

On the other side, the only U.S. export to Britain to show a major jump was gold bullion. Shipments of bullion and scrap to Britain jumped from $972m in January-November 1980 to $1.7bn in the same period last year.

This largely reflected the shift of U.S. gold exports from Switzerland following the tax introduced by Zurich—and recently lifted.

A look down America's import list shows how problems on both sides of the Atlantic have hit companies. The difficulties of the U.S. airlines industry contributed to British exports of commercial aircraft falling nearly 60 per cent to $450m in the first 11 months of 1981.

In the same period British iron and steel imports fell by one-third to $200m and imports of metals such as copper and aluminium nearly halved.

Imports of scrap also tumbled but U.S. companies maintained their shipments of power generating machinery and engines ($488m), general industrial machinery ($395m), and office machinery and computers ($1.1bn).

Biffen aims to secure orders on Brazil trip

By Philip Marvin

MR JOHN BIFFEN, the Trade Secretary, is to visit Brazil from April 7 to 17 on a trade promotion trip aimed at securing a series of contracts lined up with Brazil under last October's government-level protocol.

During his visit Mr Biffen will meet Brazilian Ministers and visit the giant Itaipu hydro-electric project on the Parana River, as well as a coal project in Ponto Alegre for which British companies have supplied mining equipment.

Several of the contracts for British concerns which were projected under the October memorandum of understanding are expected to be signed in the next few weeks.

According to Ferranti, a £72m contract for electronic systems for four Brazilian-built corvettes and a training frigate is "very close to being signed."

Meanwhile, GEC Transportation Projects says the company is "very close to concluding negotiations" on a £39m contract for an urban rail transport systems for the city of Recife.

India regrets EEC stand on textiles

By K. K. Sharma in New Delhi

INDIA'S Commerce Ministry is understood to have been greatly disappointed by the position taken by a delegation from the European Economic Community led by Dr Horst Krenzler, on bilateral agreements on textile exports under the Multi-Fibre Arrangement (MFA) finalised last December.

During talks this week in New Delhi, the EEC delegation is reported to have told the Indians that it faced political pressures from the European textile industry against increasing imports.

The EEC team refused to accept the MFA stipulation that handloom and folklore products from India should be exempt from quota restrictions.

The next round of talks with the EEC is to be held in Brussels in May or June. Before that, India proposes to call another meeting of textile exporting countries to exchange views on the bilateral talks they have held with importing countries under the MFA.

Foster Wheeler Energy wins £60m Swedish order

BY SUE CAMERON

FOSTER Wheeler Energy—British subsidiary of the U.S.-based Foster Wheeler design engineering group—has won a £60m contract for a new catalytic cracker in Sweden.

The £60m contract, which covers the engineering, procurement and construction of the unit, has been awarded by OK Kracker, a Swedish-based oil company. The new plant, which is due to be completed in 1984, will be built at OK Kracker's Lysekil refinery near Gothenburg.

Foster Wheeler Energy, which is based at Reading in Berkshire, is already building a visbreaker unit at the Lysekil site for OK Kracker—which claims to be the biggest seller of oil products in Sweden.

Both visbreakers and catalytic crackers are used to obtain a higher yield of light products—such as petrol—from a barrel of crude oil.

Demand for heavy products—such as fuel oil—is declining sharply throughout Western Europe and a number of refiners are therefore modifying their plants so that they can meet the new sales trend.

The catalytic cracker Foster Wheeler is building will have a 21,000 barrels a day capacity.

Foster Wheeler said yesterday that orders for much of the fabrication of various components for the new plant would be given to UK suppliers.

The company is at present working on six similar catalytic crackers worldwide.

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Banks fear effects of tax credit restriction plans

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE British Bankers' Association, which represents British and foreign banks in London, is expected to write to Sir Geoffrey Howe, the Chancellor, to express its anxiety about plans to limit tax credits available in Britain on international banking business. The proposals were announced in last week's Budget.

The letter is to warn the Chancellor that the introduction of such measures could damage long-standing relationships with international customers, and have far reaching repercussions for the image of British banks abroad.

At stake are credits against corporation tax estimated by the Inland Revenue at £80m a year. These are allowed as offsets against interest withholding tax paid abroad and, may, in special cases, be claimed even though the foreign government has waived its right to levy tax on loan interest.

A draft of the letter will be considered at an executive committee meeting of the association next Wednesday and, if endorsed by the meeting, will be sent to the Chancellor.

It will deal with the political implications of the proposals, rather than technical taxation issues. "The real anxiety," one banker said yesterday, "is that any fundamental change will affect our competitive position, particularly vis-a-vis U.S. banks."

City bankers fear that any change in the current regulations would force them to renegotiate terms of loans which currently allow them to benefit from the tax credits. Such an alteration of loan conditions is provided for in the loan contracts if UK legislation changes during the life of a transaction, but bankers say that it is bound to alienate the borrowers concerned, leading to the loss of other business, such as export credits.

A particularly controversial element of the current system is the so-called tax spared loans. In these cases, the British Government has undertaken, under double taxation treaties, to allow the tax credit even though the foreign government does not levy withholding tax.

Malaysia, whose trade and economic relations with Britain have recently been at a very low ebb, is a frequent beneficiary of such loans.

Another controversy surrounds the case of Brazil, where borrowers frequently pay withholding tax on behalf of the lending bank. The bank receives a receipt for the tax paid and claims a tax credit in Britain, but the Brazilian Government later rebates the tax to the borrower.

The Revenue argues that arrangements such as these allow banks to collect more than their fair share of tax credits. It claims that these can sometimes exceed a bank's profits on its international business.

The banks say, however, that the tax credit system enhances the value of the City as an international financial centre, as well as promoting investment in the developing world.

Delta opens doors for design testing

By Lorne Barling

SOME OF the world's most modern computer-aided design and manufacturing (CAD/CAM) equipment, in operation at Delta Computer Aided Engineering in Birmingham, has been made available for trial purposes to UK companies through a Department of Industry scheme.

Delta's equipment, similar to that which the Government is encouraging industry to use, has greatly increased the company's efficiency in some areas, notably the design and manufacture of small batches of components and those which require complex contours.

Under the scheme other companies can use the equipment at Delta to gain practical experience and assess its suitability for other applications.

For £10 a half-day visit to Delta to provide an outline of the system is offered, while "hands on" experience under skilled supervision is available at £100 per terminal per day.

In addition, demonstrations by the centre's staff of the applications of CAD/CAM in the production of a company's own drawings and products, are available at £100 per man day.

The company is the second of five practical experience centres being set up through the department. The first was the Machine Tool Industry Research Association, run in conjunction with Manchester University.

Others will be the British Ship Research Association at Wallsend, Tyne and Wear; the Computer-Aided Design Centre at Cambridge; and the National Engineering Laboratory, East Kilbride.

Officers go to battle on war pay

Raymond Snoddy on the PoWs fight for financial 'justice'

CAPTAIN HUGO BRACKEN, a Navy flyer shot down north of Norway in July, 1941, and who spent the rest of the war in concentration camps, is embodied in another kind of battle now.

Today he will go to the Ministry of Defence, armed with a briefcase stuffed with copies of obscure documents from the Public Record Office.

Teby are weapons in a campaign for financial "justice" waged by former British officer prisoners of war held by the Germans and Italians.

The group claims that on average the British Government refunded only 50-60 per cent of the roughly £1.8m deducted from their pay in the UK while they were behind barbed wire. Captain Bracken believes the shortfall amounts to more than £5m at current prices.

Capt. Bracken's talks with (Ministry officials) are without commitment on either side and are aimed at trying to establish a common base of agreed facts. Teby follow an inquiry by a parliamentary working group, set up in 1980, which concluded that there was no case for reopening the matter. But, for three months there has been a bombardment of questions in the House of Commons and the Lords.

"We are not going to give up, because we believe we have a just cause," said Capt. Bracken a member of a voluntary committee representing about 400 out of a total of 9,000 British officers held prisoners in the war.

Capt. Bracken, 70, is well equipped for the hand-to-hand skirmishes he has undertaken with MoD civil servants. When eb retired from the Royal Navy in 1964 he became a civil servant.

Many records vital to bis group's case are long since destroyed. But the committee hopes to persuade the Government to settle what it sees as a debt of honour, by making a generous contribution either to a trust fund for former PoWs or to the benevolent societies of the three services.

Under the Geneva Convention, officers received pay from those detaining them and money was deducted by their Government, which reimbursed the detaining country after the war.

Capt Bracken points out that the officers had about one-third of their pay deducted by the UK yet, in most cases, they were given "lagergeld" — camp mooey with which they could buy virtually nothing.

Agreements to transfer credits home, Capt Bracken argues, were not reached until 1973, although some accounts were credited before liberation.

The crux of the issue, however, is how much of the deductions on officers' pay was refunded after the war.

In many camps, detailed records were kept by "chief accountants" and there was little problem over payment.

But Capt Bracken, who was in Stalag Luft III, points out that in the last days of the war, when prisoners were marched across country, they travelled light, carrying only food and spare boots.

Capt Bracken says many returning PoWs had little on their minds but getting home.

"It is certain that some never completed claim forms for refunds. The majority were confident, perhaps over-confident that their financial affairs would be sorted out to their best advantage and few had any records from the prison camps."

In the case of 46 Royal Navy and Royal Marine officers in Stalag Luft III, the average amount refunded was £32—less than 10 per cent of tha deductions made, he claims.

"Our argument is that it is quite clear that it was the intention to reimburse the detaining powers. When it was decided not to do so, full refunds should have been made," Capt Bracken says.

One former PoW, Mr Jesse Beaumont "Monty" Bissell who spent four years in Colditz and made the German uniform that helped the late Mr Airey Neave to escape, says he received no refund at all.

He is fighting a guerrilla action for eight former Colditz prisoners against the MoD. Unlike Captain Bracken's group, he does not believe in "partys" with the opposition. "They surely don't imagine the Colditz boys are going to give up," says Monty Bissell, 65.

The Parliamentary working group, which investigated the complaints under the chairmanship of Mr Geoffrey Pattie, an under secretary for defence, concluded that the authorities were aware that pay varied.

Adjustments were made to officers' accounts as the war proceeded, although it was admitted "We can never know for certain how effective this procedure was."

A total of £500,000 of 1945 money (about £5m today) was paid out to former RAF PoWs, which does indicate a system that was working tolerably well."

The Hinistry of Defence, meanwhile, says new evidence to disprove the working party's conclusions has not been produced.

Revenue's share of taxation falls

BY ROBIN PAULEY

THE Inland Revenue's contribution to total central government taxation fell for the fifth successive year in 1980-81, when it reached 55.2 per cent, the lowest level since the Second World War.

If the National Insurance Surcharge, which is collected through the PAYE machinery, is added, the 1980-81 figure becomes 60.9 per cent, compared with 61.7 per cent in 1979-80 and 63.4 per cent in 1977-78, the first year of the surcharge.

Of the remaining 39.1 per cent of central government taxes in 1980-81, 36.8 per cent came from customs and excise revenue and 2.3 per cent from motor vehicle duties.

Within the Inland Revenue figures for 1980-81, income tax fell to 40.7 per cent of the total tax revenue—its lowest level since 1973-74 and well down on the 1975-76 peak of 53.4 per cent. It is expected to have fallen to 40 per cent in 1981-82.

The proportion of the yield accounted for by Corporation Tax in 1980-81 was down at 7.8 per cent. The estimate for 1981-82 is 6.5 per cent.

In cash terms, the Inland Revenue collected £33bn in 1980-81, an increase of £4.8bn or 17 per cent over 1979-80. The increase is due mainly to increased receipts of income tax and petroleum revenue tax.

The cost of collecting taxes, meanwhile, jumped from £533.9m in 1979-80 to £651.5m in 1980-81, an increase of 22 per cent. The service was bit by some enormous rises—telephone costs up 54.6 per cent, postage costs up 30 per cent, "legal, cleaning and miscellaneous" up 21.5 per cent, travelling and removal expenses up 18.5 per cent, and computers and other capital expenditure up 86.7 per cent. Only printing and stationery showed a cut in costs—of 4.5 per cent.

The latest Inland Revenue Report contains only two paragraphs about the computerisation of the PAYE system, which is raising public and parliamentary disquiet because of the slowness of the changeover.

Concern has been fuelled by comments by Sir Lawrence Airey, Inland Revenue Board chairman, that a new system of local income tax, dependent on fully-computerised PAYE, is not feasible much before the end of the decade.

Earlier this week, the Association of Metropolitan Authorities told a House of Commons select committee that Sir Lawrence's claim should be subjected to an independent investigation.

The report says the Civil Service strike caused a 25 per cent cut in the flow of receipts. By the end of the strike there was a backlog of about £5bn, relating mainly to PAYE income tax and National Insurance contributions and surcharge. The Revenues hopes to have cleared most of the shortfall by the end of the current financial year.

The number of staff employed by the Inland Revenue fell by 3.4 per cent from 78,312 to 75,624 between March 1980 and March 1981. By December 1981, it had fallen a further 3 per cent to 73,325. The Revenue employed 85,175 in 1978.

Report of the Commissioners of Her Majesty's Inland Revenue for the year ended March 31 1981; Cmnd 8514; SO £4.55.

U.S. shoemaker brings jobs boost to steel town

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A FACTORY is being opened in the UK by New Balance Shoes, a U.S. specialist running shoe manufacturer. The plant, in Workington, Cumbria, will provide 93 jobs initially, and is expected to expand fairly quickly. It is the company's first in Britain.

The £500,000 investment in the UK is being supported by government grants totalling £120,000, wihch includes training grants. The project also qualifies for a low-interest £95,000 loan from the European Coal and Steel Community because it is providing jobs in a town affected by steel closures.

Mr Jim Davis, founder and president of New Balance Shoes, will be chairman of New Balance (UK), the company to be formed to run the venture. Mr Christopher Brasher, the journalist and former athlete whose Fleetfoot company has sole distribution rights of New Balance shoes in the UK, will be a director.

The Workington factory, made available by the English Industrial Estates Corporation, was occupied by Leyland Vehicles.

Mr Brasher said yesterday: "Over 95 per cent of quality running shoes sold in the UK are imported. I am delighted that they will now be made here." The factory will be able to employ trained people made redundant by the closure of the K Shoes factory in the area.

New Balance has five other factories — three in the U.S., one in Canada and one in Ireland. The company plans to make 2,500-5,000 pairs of shoes a week at Workington.

Private sector 'should assist NHS'

BY GARETH GRIFFITHS

BRITAIN'S private medical secto should share the burden of more difficult health care problems, such as the old and the *mentally handicapped*, as a condition of registration by district health authorities.

This suggestion comes in a paper published this week on the relationship between the National Health Service and private medicine, by Birmingham University's Health Services Management Centre. The authors, Mr Philip Chubb, Mr Stuart Haywood and Professor Paul Torrens, say the private sector in Britain bas an importance of proportion greater than its size warrants.

Three broad policies are put forward to prevent Britain becoming two nations in standards of health care. First, the Department of Health and Social Security should develop a national standard for pay and working conditions for both sectors, and the private sector should be encouraged to put greater emphasis on training.

Secondly, private health insurance schemes should be monitored to ensure the private sector is run economically. The monitoring body should try to develop more cost effective forms of health insurance coverage.

Thirdly, strong emphasis should be placed on the balanced development of medical equipment. The study suggests setting up a unit similar to the Technology Assessment Office at the U.S. Congress to examine the economic implications of new technology.

The report says interdependence between the NHS and the private sector *is inevitable*, and that policy within the health service should recognise this. No governmeot could afford to transfer private bealth care to the NHS.

Policy Considerations for the National Health Service in dealing with the expansion of the private sector.

Policy Considerations for the National Health Service in dealing with the expansion of the private sector. Occasional Paper 42. Price £3. Health Services Management Centre University of Birmingham, Pork House, 40 Edgbaston Park Rood, Birmingham.

APPOINTMENTS

Three join Alexander Howden board

Mr John A. Bogardus Jr, president and chief executive officer, and Mr Richard E. Lynn, senior vice president of Alexander and Alexander Services Inc, bave joined the board of ALEXANDER HOWDEN GROUP, together with Mr Ian H. Dean, chairman of Alexander Howden Company Underwriting Maoagement and chief executive and general manager of Sphere Insuraoce Compaoy, and the Drake lusurance Company. Mr Dean also joins the executive committee.

★

Mr Russell W. Evans has become executive chairman of THE RANK ORGANISATION. He is at present deputy chairman and group managing director, and will succeed Mr Harry Smith who is retiring but will remain as deputy chairman. Mr J. Brian Smith, who is deputy managing director, will succeed Mr Evans as group managing director.

★

Mr Michael P. K. Beatty has been promoted to managing director of GLYNWED OVERSEAS after three years as its marking director. He will be based at Glynwed beadquarters in Birmingham.

At FLAVEL - LEISURE, Leamington Spa (a Glynwed compaoy) Mr Stephen Rennie has been promoted from sales manager to sales director; Mr Anthony O. Wilson, previously manufacturing services manager to manufacturing director, and Mr Micharl W. Perkins, formerly financial controller to financial director.

★

Mr Leslie Daubney has been elected the first national chairman of the CORPORATION OF FINANCE BROKERS. For the last 12½ years be has run his present company, Standard Capital Finance, Kings Lynn. Mr Daubney says: "The setting up of a body specifically to represeot the interests of finance brokers has been long overdue. We believe that there is a need for a firm, but fair, code of conduct for finance brokers which is respected both by our members and their clients."

★

ARMCO FINANCIAL SERVICES EUROPE is to restructure its London market operation from April 5. Mr Derrick A. Bailey will be director of the North American specialist division. Mr George Felton will be director of the UK and international division. Mr Pieter Van Nek will be director for the Treaty division.

★

ANGLO AMERICAN INDUSTRIAL CORPORATION has appointed Mr L. Boyd, Mr O. P. Koevort, Mr B. C. McCarthy, Mr C. J. Saunders, Mr L. A. Lincoln and Mr A. J. Trahar as directors.

★

Mr A. H. J. Brook has been appointed a director of BODDINGTONS' BREWERIES.

★

Mr Don Anderson, formerly area director, Guildford area, has been appointed area director at NATIONAL WESTMINSTER BANK'S outer city area offire. He succeeds Mr Frank Bradley who has retired.

★

Sir Guy Fison, recently chairman of Saccone and Speed International, has joined Whitehead Mann as non-executive director. Mrs Penny Powell has been appointed director in charge of a new division specialising in management counselling and assessment.

★

Lindustries, a division of Hanson Trust, has appointed Mr Basil Jefferies as managing director of WILLIAM WARNE.

★

Mr W. Trevor Robinson, senior vice-president and general manager of Manufacturers Hanover Trust Company in London, has been appointed chairman of the AMERICAN BANK ASSOCIATION OF LONDON. He succeeds Mr William Harrison, senior vice-presideot and geoeral manager of Chemical Bank, London.

★

Mr C. Openshaw has been appointed a director of Wallingtoo Westoo and Co. and Copy Toners. Mr R. D. Burrows has been appointed a director of Marley Foam. Mr M. C. Moxon bas been appointed a director of British Moulded Fibre. The companies are in the MARLEY GROUP.

★

Mr Richard Hornby has been appointed a non-executive director of CADBURY SCHWEPPES.

★

Mr Mervin D. Ishmael and Mr John Patrick bave been appointed directors of BIRMINGHAM BROADCASTING.

★

Mr Nigel Charles bas been appointed managing director of MARSHALL RICHARDS BARCRO, Durham, a Thos. W. Ward company.

★

Mr Keith H. Williams has been appointed to the board of PETER BROTHERHOOD as manufacturing director.

★

UNITED CERAMIC DISTRIBUTORS has appointed Mr John Briggs as a non-executive director.

★

EGON ZEHNDER INTERNATIONAL has appointed two principals to the Londoo office: Mr Philip Vivian, formerly group personnel director of Letraset International and a senior associate of McKinsey and Co, London; and Mr John Grumbar, formerly at the Stock Exchange and director of the international division of Hedderwick Stirling Grumbar and Co.

UK NEWS

McNee will retire from Met. police in October

By Lisa Wood

SIR David McNee, the Metropolitan Police Commissioner, is to retire in October, the Home Office announced yesterday.

The announcement comes after considerable speculation about whether Sir David, who is 56, would extend his five year appointment, which he took up in March 1977.

It was disclosed yesterday that Mr William Whitelaw, the Home Secretary, asked Sir David last October to stay for a further term, but Sir David agreed to stay only until Otober this year.

In a statement he said: "When appointed in March 1977 I agreed to serve five years. By October next I will havedone that and more. Last autumn, when discussing my retirement date with the Home Secretary, from whom I have always had the fullest help and support, I was honoured and flattered when he asked me to serve for a further term."

No further details have been given by Sir David who is to give a Press conference nearer the date of his retirement. Police commissioners officially retire at 60 but can continue until 62 by extension of their terms of office.

Sir David won the nickname of "The Hammer" while in Glasgow, where he served as Chief Constable of Strathclyde until 1977. He succeeded Sir Robert Mark as head of the Metropolitan Police. Sir Robert retired at he age of 60 after five years in the job.

At the time a major issue was corruption within the London force and Sir David's appointment introduced a man who was free from connection with Scotland Yard.

Haughey pleased with U.S. visit

MR CHARLES HAUGHEY, the Irish Premier, back from a visit to the U.S., said yesterday that he thought President Reagan fully understood the new Irish Goverment's policy on Northern Ireland.

He added that he was pleased with his reception, particularly among Irish - American politicians. Meanwhile, Mrs Margaret Thatcher, yesterday praised President Reagan for his condemnation of Irish terrorism and call to Americans not to contribute towards violence.

Steel company to shed 340 jobs

UNION LEADERS at Firth Brown, the Sheffield-based private steel producer, have been told that the company wants more than 340 redundancies among its 3,200-strong workforce.

The management hopes talks on redundancies will be aucessfully completed within a few days. Union representatives have been instructed to negotiate the best poasible terms.

The company blames the cuts on tbe world recession in the aerospace industry, a major buyer of its steels.

Council likely to give tin mine go-ahead

CORNWALL COUNCIL is to consider giving planning approval for full tin ore production at the old Wheal Concord mine near Redruth which was re-opened two years ago.

About £554,000 has been spent on the mine which haa 42 workers. In the planning application, the eventual workforce is put at 150. The council is likely to give the approval next month.

Welsh TV deal signed

TRANS World International, the television subsidiary of the Mark McCormack organisation, and the Welsh fourth channel authority have signed an agreement giving TWI an exclusive contract for its overseas programme sales.

The chaonel. Stanet Pedwar Cymru, hopes to have between 100 and 200 hours of programmes suitable for dubbing for worldwide sale, when its Welsh language aervice starts in November.

Tokyo shop for Harrods

HARRODS said yesterday that it is to open a small shop within the Mitsukishi department store in Tokyo—the first time its merchandise will be sold in a foreign store.

Mitsukishi, one of Japan's largest departmental store groups, will be selling Harrods' own label merchandise exclusively.

More air services for Teesside

CASAIR Aviation Services, part of the William Press Group, is to fly regular services from Teesside Airport to Gatwick, London, the Isle of Man and to Guernsey.

The Gatwick aervice, twice daily, Mondays to Fridays, starts in May, while the Isle of Man and Guernsey services, one flight a day on Saturdays and Sundays to each destination, are aimed at the holiday trade and will operate from June until September.

CBI to fight worker directors plan

BY JOHN ELLIOTT AND JOHN LLOYD

THE Confederation of British Industry is to link up with other Common Market employers' organisations to try to block plans for legislation on worker directors, which are expected to be considered by the European Parliament, in May.

The plans approved by the parliament's legal affairs committee in January basically suggest four options for giving workers a statutory right to seats in a company boardroom or on a consultative council, or to negotiate on company decisions.

The proposals form the latest stage in the 10-year life of the EEC's fifth directive on industrial democracy. They are known as the Guertsen proposals after the Dutch Member of the European Parliament who acted as secretary of the legal affairs committee.

They are reviving the battle lines drawn up in the UK in the late 1970s by the CBI and the TUC when the Bullock Report's proposals for worker directors were being considered by the then Labour Government.

Along with other European Labour movements, the TUC is pushing strongly for the EEC legislation. During the past two years it has developed plans for industrial democracy which, while going further than the Guertsen proposals, are broadly in line with them.

The Guertsen proposals basically give workers' rights in companies with more than 1,000 employees to choose one of four options:

● Collective bargaining between employers and employees on company decisions.

● A two-tier board structure with workers having between one-third and a half of the seats on a top-tier supervisory board. Shareholders would retain rights to make final decisions.

● A single board structure with workers having between a third and a half of the non-executive directors' seats. Ultimate shareholders control would be retained because executive directors would have seats.

● Seats for workers on a company council below board level which would have the same right to information and consultation as if the workers were in the boardroom.

The TUC also sees proposals for greater disclosure of information which are being developed separately by the European Commission as a potentially valuable bargaining tool. These are known as the Vredeling-Davignon proposals after the two European Commissioners who have been in charge of the subject.

The TUC has, in the last two years, developed plans for industrial democracy which, while going further than the Vredeling proposals, are broadly in line with them.

The CBI on the other hand is sticking at present to its 1979 policy.

But CBI leaders recognise that it may be impossible to stop either the European Parliament and then the European Commission going ahead with some version of the Guertsen proposals. It estimates that these might then be forced on to member states after 1986.

When it sees what emerges from the European Parliament, the CBI will consider whether to abandon its wholesale opposition to legislation in favour of fighting the proposals in detail, hoping to water them down.

To support its opposition to legislation, it is urging member companies to introduce their own employee involvement arrangements voluntarily.

'British' diesel cars out soon

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THREE "British" diesel-engined cars are to be launched soon: but all will use foreign engines.

A turbo-charged Rover saloon with a diesel engine is to be announced at the Turin Motor Show next month. It will incorporate a four-cylinder, 2.5 litre diesel engine made by VM, the state-owned Italian concern.

The diesel Rover is aimed particularly at markets in Italy, France and West Germany, where diesel cars account for 7 to 10 per cent of total new car sales, compared with under 1 per cent in the UK. However, the Rover diesel is likely to be offered in Britain later this year.

In June, two diesel cars wearing Vauxhall badges will go on sale: Vauxhall will use the 1.6 litre "Family Two" diesel engine produced by Opel, its sister company in West Germany. Both Vauxhall and Opel are owned by General Motors of the U.S.

The Vauxhall Astra and Cavalier will be "British" because they will both be assembled in the UK at Ellesmere Port on Merseyside and at Luton, Bedfordshire, respectively.

Vauxhall believes the diesel Cavalier in particular could carve out a new niche in the market by being the only "British" model available to fleet buyers.

However, the first British diesel car with a British engine is likely to be the Ford Escort. Ford has spent £17m to "dieselise" its old 1.6 litre Kent engine which will be produced at Dagenham.

This project has been pulled forward six months so that production can start early next year, according to the Engineer magazine. Ford refuses to discuss future products but it could be that the group does not want the diesel Cavalier to gain too much of a lead in the fleet market.

Meanwhile, BL is pressing on with its long-delayed attempts to produce an adequate small diesel based on its "O" Series engine.

BL is also involved in a joint venture with Perkins to dieselise the Rover V8 engine at a cost of £10m. This project is on schedule for launching in the autumn of 1983. The engine should power new Land-Rover models which should be available by then.

The Rover V8 diesels will be manufactured at the Acocks Green, Birmingham, engine plant where output currently is only 550 a week compared with a capacity of 2,000.

Mr Mike Hodgkinson, Land-Rover's managing director, estimates production of the new diesel will be 500 to 600 a week.

Perkins has the right to assemble the engine — from Land - Rover - produced components—and sell it to its usual customers. Perkins is likely to concentrate mainly on marine sales.

Originally there was a plan to install the Italian VM diesel in the Range Rover as an interim measure until the Land-Rover-Perkins unit was available. But Range Rover sales are so buoyant at the moment because of the success of the four-door version, this might not be done.

Canning plans £1.75m factory

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

DETAILS of a £1.75m project, which it is claimed will provide the biggest self contained factory to be built in Birmingham over the last three years, have been given by W. Canning, the electronics, chemicals and metals company.

But Mr David Probert, chief executive, criticised the Government's economic strategy and the "Alice in Wonderland" rating policy of the local authority.

W. Canning Engineering, which claims to be Europe's largest manufacturer of plant and equipment for metal finishing, willm ove into a 71,000 sq ft building expected to be completed by th end of the year.

Mr Probert said the decision could be seen as "an act of madness" by a capital goods group the day after the FT index had fallen 12 points. There was no sign of the recession lifting, and the company's major customer—aerospace—was suffering from the downturn.

But be said investment was necessary for a company like his which exported 55 per cent of its output ot 50 countries. It was essential to offer modern facilities in order to compete with West Germany, Japan and the U.S.

Mr Probert said that the problem of manufacturing industry in the West Midlands was a lack of home demand.

Mr Probert said the Goverment had failed completely to understand the collapse that was taking place in UK capital investment.

The Canning grou phad cut its labour force from 2,300 to 1,300 over the past 30-months. The engineering company, faced by a drop in volume demand of about 25 per cent had more than halved its employees to 214.

Mr Probert said Birmingham had not been the ideal site for the naw factory as incentives were on offer to move to other parts of the country. However, the key factor was the need to keep together a skilled and loyal labour force.

The high level of ratea in Birmingham had influenced the move. The company would pay only balf the rate for the modern factory that it currently paid on its old-fashioned multistorey 3'0.00 0sq ft buildign.

Esso, Phillips cut oil product prices

BY SUE CAMERON

ESSO and Phillips Petroleum last night followed the lead given by Shell on Wednesday, and slashed oil product prices for their commercial customers by between £2 and £6 a tonne.

But the oil companies are admitting privately that the move to lower wholesale prices is little more than a formality. They say price cutting—in the form of ever-larger rebatea to bulk buyers—has been going on for mooths.

Last autumn many manufacturers buying derv, gaa oil—osed for heating—and fuel oil were receiving rebates of between 10 and 20 per cent. The biggest rebates were on fuel oil, where UK demand dropped by more than 18 per cent between 1980 and 1981.

But industry experts say that, in the last six months, the size of the rebates that oil companiea have been giving their customers has risen by as much as 50 per cent.

Last night Esso said its oil product price cuts, which came into effect at midnight, were a recognition of the "continuing surplus in crude production and in refining capacity." Esso has cut the prices of its petrol, derv and gas oil to commercial customers by 2p a gallon.

It has also cut regular kerosene—used for domestic heating—by 1p a galloo, and medium and heavy fuel oil—used to raise steam in power stations and industrial boilers—by 0.9p a gallon. These price cuts are the equivalent of reductions of between £2.15 and £6 per tonne.

Esso reduced the retail derv price by 1.9p a gallon, and said that it expected pump prices to go down by around 2.5p a gallon.

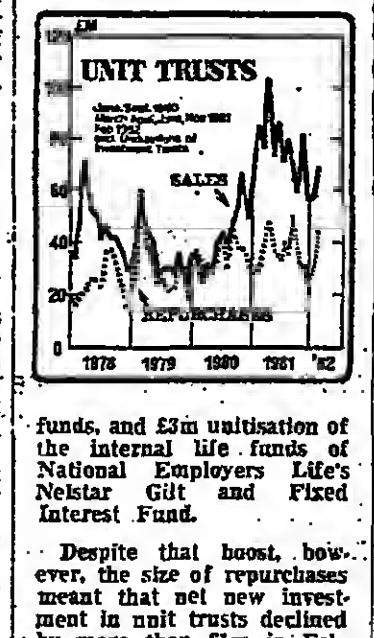
Phillips cut derv and gas oil prices by £5.30 a tonne, keroseoe by £2.74 a tonne and fuel oil by £2.15 a tonne. Other oil companies are expected to make similar reductions during the next week.

Sharp rise in sales by unit trust holders

By Eric Short

UNIT TRUST holders appear to have resumed selling and turned over their holdings after several fairly inactive months.

Repurchases in February rose by almost £16m on the month to a high of £44.2m. This more than offset the rise last month in unit trust sales, which climbed by more than £14m to the respectable total of £72.2m. This figure was boosted by the launch in February of eight new trusts, mainly overseas and specialist



funds, and £3m unitisation of the internal life funds of National Employers Life's Nelstar Gilt and Fixed Interest Fund.

Despite that boost, however, the size of repurchases meant that net new investment in unit trusts declined by more than £1m in February from £29.3m to £28.1m—only half the amount of oew investment in February of last year. Figures for both sales and net new investment should be adjusted to allow for the £3m unitisation and indicate that February was a quieter month for new investment in the unit trust industry compared with recent months.

Mr Mark St Giles, chairman of the Unit Trust Association, said he was satisfied with the figures. He felt an important feature of sales in 1982 was a revival in investment in UK funds and investors showing caution over U.S. funds. Investment in unit trust gilt funds remained ateady.

The total value of unit trust funds at the end of February amounted to £6,040m—more than £100m tower than at the end of January. The drop was due mainly to the fall in the UK equity market in the month.

The number of investors in unit trusts rose by 10,000 in February to 1.79m.

New National Savings issue offers sharply reduced return

BY ROSEMARY BURR

THE 24th issue of National Savings certificates will offer investors a return of 8.9 per cent after five years free of tax. This is a sharp decrease on the rate available until 10 days ago on the 23rd issue.

The maximum holding is £2,500, half the amount individuals were permitted to hold of the 23rd issue. The Government is placing less emphasis on National Savings in 1982-3 than in the current year.

In setting the rates on the 24th issue the Government is underlining its commitment to bring down interest rates and get inflation into single figures this year. The gilt market is likely to bear the brunt of the government funding programme in the coming year.

The 24th issue will go on sale on April 13 in units of £25. The return after the first year will be 7.2 per cent. This will rise in stages to 11 per cent in the fifth year.

The Treasury has estimated that inflation for the year beginning April 1982 will be 7½ per cent. This means that if the Treasury's predictions are accurate, holders of the 24th issue

Year	Value at Year end per £25 unit of 24th issue	Return %	Compound return %
One	26.80	7.2	7.2
Two	28.92	7.9	7.5
Three	31.44	8.7	7.9
Four	34.52	9.8	8.4
Five	38.32	11	8.9

will get a return beneath inflation in the first year.

For standard-rate taxpayers the return on the 24th issue is held five years to maturity is equivalent to 12.74 per cent gross.

In the first few years the gross return to standard taxpayers is lower than the present return on building society share rates. Last week the societies reduced the rate paid to investors by the equivalent of 1.43 per cent in the gross rates to 12.5 per cent.

There is likely to be little demand for the 24th issue. Nearly £1bn was invested in the 23rd, which carried the highest-ever rate for investors. On the final day of its sale about £200m was switched from banks and building societies into national savings.

Long-term prospects for economy 'still improving'

BY ROBIN PAULEY

LONGER-TERM prospects for the economy are still improving, according to the Government's cyclical indicators, though the shorter-term prospects remain flat.

The indices for February, published by the Central Statistical Office yesterday, showed that the upward trend established last spring and resumed at the year-end after faltering badly in the summer, is being maintained.

There are four indices. Two predict changes in economic activity one year ahead and six months ahead. The coincident indicator shows the present state of the economy and the lagging index reflects turning points one year after they have occurred.

The coincident indicator hit a low point last April, and rose steadily to November before sticking.

The fairly static state of the coincident and short-term indicators show that no dramatic upturn in the economy is under way, and that any progress is likely to be alow.

However, the indicators, like the poor manufacturing output figures earlier this week, are difficult to interpret reliably because of the effects of bad weather and strikes.

It is virtually impossible to see exactly what is going on behind the economy at the moment.

The rise in the longer leading index is caused, says the Central Statistical Office, by falling interest rates, rising share prices, an improvement in business confidence reported by the latest CBI quarterly survey, and an increase in housing starts.

Revised seasonally-adjusted figures show that the level of stocks held by manufacturers, wholesalers and retailers fell by about £25m (1975 prices) in the last quarter of 1981, the smallest quarterly fall in the last two years of continuous destocking. The falls in the preceding three quarters were £78m, £518m and £442m.

The revised estimate of capital expenditure by the manufacturing, distributive and service industries, including shipping in the last quarter of 1981 is £2.46bn (1975 prices seasonally adjusted), a rise of 1.5 per cent over the third quarter. The revised total of £9.742bn for 1981 is nearly 5 per cent below the total for 1980.

New managing director at Times Newspapers

BY IAN HARGREAVES

MR BILL GILLESPIE, former deputy managing director of Times Newspapers, was last night named managing director of the group in succession to Mr Gerald Long.

Mr Long, who made his name as head of the Reuters news agency, moves over to become Mr Rupert Murdoch's number two as deputy chairman of News International, the Australian publisher's UK holding company.

Mr Long joined the Times group when Mr Murdoch bought the titles last year.

Mr Gillespie, 45, ao Ulsterman who has previously worked in Mr Murdoch's News Group (Sun and News of the World) and before that in Thomson Regional Newspapers, will have the difficult task of restoring balance and direction to the Times group after the upheaval of Mr Harold Evans's departure as editor of The Times.

Mr Evans's successor, Mr Charles Douglas-Home, yesterday delivered a formal inaugural address to Times journalists, after being confirmed as editor by the paper's independent national directors on Wednesday night.

Mr Douglas-Home spoke of the need for reconciliation between warring groups of journalists, and said his main editorial priority would be accuracy, which some feel was diminished under Mr Evans's leadership.

He said there would be no going back on the changes in the style of The Times introduced by Mr Evans, including emphasis on sport and general news at the expense of business coverage.

Another change announced yesterday was the appointment of Sir Edward Pickering as executive vice-chairman of Times Newspspers.

Sir Edward, a former editor of the Daily Express and a member of the Press Council, will relinquish his position as one of the independent national directors of The Times.

Scheme to divert city's jobless with sport

By Ian Hamilton Fazey

THE sporting heroes of Liverpool and Everton football clubs will be asked to help in a scheme to use sport as a major diversion for jobless youngsters in Liverpool's inner city.

The initiative — which comes as the anniversary of last summer's Toxteth riots approaches — is being organised by the Merseyside Task Force, the body of middle managers seconded from their jobs to help Mr Michael Heseltine, the Environment Secretary, with Liverpool's problems.

Mr David Mitchell, who joined the task force from British Rail, yesterday held a meeting with representatives of the city's two first division football clubs, the churches, education authorities, voluntary organisations, the Sports Council and the Football Association. Also present were Merseyside's Deputy Chief Constable, Mr Peter Wright, and Mr Frank McElhome, Labour MP for Glasgow Queens Park, who has experience of a similar initiative in Scotland.

Details have yet to be finalised, but local companies are likely to be asked to subscribe up to £50,000 for capital projects and running costs. Players from the Liverpool and Everton teams will be used to promote the scheme and persuade young people to join in. The two football clubs have been asked to stage open days to encourage people to become involved.

Mr McElhome said: "Getting the stars involved will get young people off the streets. It's no use just building shining facilities: they only get vandalised."

The initiative is likely to involve multi-use of existing sports facilities, such as those in schools. Money would be needed, Mr Mitchell said, to pay extra caretakers. Capital projects would probaly be small, involving the building of all-weather surfaces.

The organisers want to involve people who are qualified football coaches as well as existing local football teams, to help run the scheme.

Mr Mitchell said: "We are conscious that there are many other sports besides football, but we have to start somewhere."

The organisers admit their scheme is no substitute for jobs, but feel it will still prove valuable if it helps to avert a repetition of last year's riots.

Lloyds lauds its own social awareness

By Alan Friedman

THE IMAGE of banking with a social conscience was put forward by Lloyds Bank yesterday with the publication of what it is calling the first known "statement of social policy" by a British bank.

Sir Jeremy Morse, chairman of Lloyds Bank, remembers the words of John Donne, the metaphysical poet, in his introduction to this unusual document. "No man is an island, entire unto itself." Sir Jeremy apparently sees a parallel between Donne's words and the world of banking. The new Lloyds booklet is devoted to expounding the bank's many contributions to British society.

Although some detractors in the banking world yesterday likened the Lloyds booklet to the corporate public relations efforts of some U.S. companies, there can be no questioning that Lloyds, the smallest of the Big Four clearers, sees itself contributing to British life.

Lloyds said yesterday it saw a need for social accounting as well as financial accounting. "We owe a wider debt to society at large," was the explanation from the bank.

In the field of education Lloyds cites a number of ways in which it contributes to learning programmes. It is less than clear, however, that Lloyds Bank is making a major contribution to society with its own business game for fifth formers—known as Bank Loan.

In a bold attempt to address the question of equal opportunity and women's rights, Lloyds Bank even responds to criticism over the "small number of women in management posts."

The bank offers equal opportunity in training and promotion claims the Lloyds document. But in a statement which may not really soothe feminists, Lloyds Bank declares: "The simple fact that many women choose to marry and have families has inhibited their progress up the executive ladder."

The bank does not stop there. It heaps praise upon women who take the Institute of Bankers examination, concluding: "In recent years some girls have done outstandingly well in the examinations."

Hope burns bright as kings of coal pay their respect

The Derek and Joe show takes a curtain call. Martin Dickson and John Lloyd report.

IF THE Gods were to institute a "professional optimist of the year award," there could be few more worthy recipients than Sir Derek Ezra, the outgoing chairman of the National Coal Board, and Mr Joe Gormley, the retiring president of the National Union of Mineworkers.

"We have an industry which has recovered from the doldrums and is surging forward," Sir Derek said yesterday at a joint news conference with Mr Gormley. "So we say to our successors—keep on that path."

In the midst of Britain's worst recession for 50 years, there can be few industrial leaders who would dare to make such an ebullient statement—particularly if their company depended, as will the NCB in 1981-82, on £460m of taxpayers' money to break even.

But Sir Derek and Mr Gormley—who assumed the leadership of each side of the industry in 1971 and will retire this year—could be forgiven, perhaps, for a rose-tinted view of the industry yesterday.

The two men have presided over a remarkable transformation in the coal industry's fortunes. In 1971, when oil was still cheap, the NCB looked set for irrevocable decline. Today, despite dependence on government grants, its long-term outlook appears bright.

The big turnaround came in 1973-74, when the price of oil quadrupled and coal became the "fuel of the future." The NCB, NUM and the Government drew up in 1974 a scheme for the reviva of the UK industry—the Plan for Coal. That set in motion a huge capital expenditure programme to modernise pits and boost output. To date, more than £3bn has been spent.

Both men agreed yesterday that the Plan for Coal was their proudest achievement. Mr Gormley said: "It established a new feeling in the industry. It gave it a dignity that was not there before." Yet progress under the plan has been mixed. The modernisation of old pits and the construction of new ones—such as Selby, in Yorkshire—has given the UK some of the most efficient collieries in Europe.

But the NCB's elderly, loss-making pits have been closing at a slower rate than the plan envisaged. The result is that the NCB's productivity is only slightly higher than 10 years ago.

Roger Taylor

TAKING A BOW . . . Sir Derek Ezra, right, with Mr Joe Gormley at the Coal Board headquarters in London yesterday.

Sir Derek pointed out yesterday that for years the NCB had been starved of Investment; it took time for the new injection of capital to produce results. Since 1978/79, productivity had been improving, he said.

Perhaps the greatest threat to the Plan for Coal has been the recession, which cut NCB sales from about 125m tonnes in 1979 to 120m tonnes this year—just at a time when the board's production and productivity has been rising.

The result has been greater dependence on the Government, which in 1980 published a Bill to make the industry break even by 1983/84. It had to drop this target last year when faced with a miners' strike over threatened pit closures and Sir Derek yesterday suggested that the board would not be able to break even without grants until 1988—if then.

Over the next few years the board is likely to face government pressure for tighter expenditure controls.

On pay, Sir Derek and Mr Gormley suggest replacing the annual talks with a three-year contract. "Far too much of one's time in a year has to be taken up with this issue," Sir Derek complained.

Mr Gormley confessed there would be opposition in the NUM to that proposal, however.

The left do not want it and it may be confidently supposed that Mr Arthur Scargill will have none of it. Mr Mick McGahey, the NUM vice-president, rejected it yesterday as "a non-starter."

The right are not too keen, either. Mr Ray Chadburn, president of the right-led Nottingham coalfield, said yesterday: "There are more disadvantages than advantages in this idea."

The U.S. United Mineworkers admitted yesterday that it had not renegotiated a contract without a strike since the early 1960s. Mr Mike Hall, a UMW official, said last year it endured a 72-day strike over pay.

But Mr Hall added that neither the union nor employers wanted yearly deals: "It was felt that the three-year agreements improve industrial relations and cut down on strikes."

Whatever the fate of the Ezra-Gormley plan, management-union relations look set for a more difficult time. There must be few union leaders prepared to share a conference platform with the chairman of their industry and declare, as Mr Gormley did yesterday: "I am very pround to be associated with Sir Derek as chairman . . . by co-operation we have been able to build up an industry second to none in the UK today."

The cosy Derek and Joe show is over. Their successors will need all the optimism they can muster.

Plessey workers vote to end sit-in at Scottish factory

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

WORKERS IN the Plessey capacitor factory at Bathgate, near Edinburgh, voted yesterday by nearly three-to-one to end a sit-in after about 90 days and accept a proposal which would keep the plant open.

The sit-in began late in January following Plessey's decision to close the factory. About 320 jobs at Bathgate would have been lost, so about 200 workers, most of them women, decided to occupy the premises.

Following talks with management in London this week, the workers were presented and agreed to a plan under which Bathgate would be bought out as part of a takeover of Plesseys capacitor factories in Britain, Italy, West Germany and the U.S. by Arcotronics Company.

About 80 jobs are to be saved at Bathgate and there are hopes that more may follow later. A union official at Bathgate said that as part of their agreement, Plessey had agreed to underwrite the wages of the 80 workers for a year.

Full redundancy pay is being restored too for participants in the strike who have been dismissed.

Plessey took the protesting workers to court so as to end the occupation, however, proceedings were suspended on news of a possible buyer. Mrs Ina Scott, one of the union convenors at the plant, said she did not consider the vote a defeat since she had originally faced the future with no plant and no job.

The sit-in is to continue until tomorrow while details are worked out with management and the workers decide which of them will get the 80 remaining jobs.

The sit-in became a focal point for Bathgate's problems of unemployment and industrial decline. *Many of the women at* Plessey have sons or husbands at the nearby Leyland vehicle works, which was also an strike last month.

BSC in Ravenscraig productivity deal

BY MARK MEREDITH AND BRIAN GROOM

BRITISH Steel Corporation and *its biggest union* have reached agreement on a pay and productivity scheme for the Ravenscraig and Gartcosh steel works — *averting a crisis* at the Scottish complex.

The work scheme led to a strike by tha Iron and Steel Trades *Confederation*, representing about half the workforce, last week. BSC warned that he future of the plant, which has been making heavy losses, was at atake unless an agreement on productivity was reached.

Similar agreements have been reached at most of BSC's other steel plants in Britain. Of five *key integrated works, only Scun*thorpe has yet to reach ooe.

The local productivity negotiations, providing increases in *lump-sum bonuses which in* some cases will give double-figure pay increases, are taking tha place of a national pay award.

Unless trouble erupts at the remaining works yet to sign — which is not expected — BSC will have largely achieved its substantial productivity changes. These include: redundancies towards the corporation's target of a 92,400-strong workforce by next April; key agreements on flexibility between grades; and *modified manning levels*.

This has been achieved in spite of initial opposition from the ISTC, which threatened a *national overtime* ban before agreeing to the local deals in February.

About 200 of the 600 jobs to be *phased out* at Ravenscraig were to come from members of the Iron and Steel Trades Confederation. About half the 600 have already left.

The nnion staged its walkout when management tried to implement the changes without agreement. Talks resumed and the strike ended after discussions between Mr Bill Sirs, ISTC general secretary, and seoior officials from BSC. British Steel gave unions until the 19th to reach agreement.

The Ravenscraig and Gartcosh complex comprises one of British Steel's most modern works. Under a modernisation plan started in the mid-1970s, the works achieved a very good pedigree for steel production—producing about 80 per cent of its steel with the modern heat and labour saving system of cootinuous casting.

As the plant, part of the British Steel strip products division, was completing its modernisation, one of its main customers, the Chrysler Linwood works nearby, was closed, nearly one year ago.

Geography baa tended to work egainst the plant, and Ravenscraig bas bad to write transportation into its costs of production. Union officials yesterday were optimistic about the outlook for the plant. "We have a future and we will stand by our agreement. We are ready to break more records in steel production," Mr David Henderson, an ISTC official at the plant, said.

Jobs Bill attacked at women's conference

WORKERS ARE being bribed by the Government to desert their trade unions, according to Mrs Marie Patterson, chairman of the TUC Women Conference which opened at Bournemouth yesterday.

The Employment Bill proposes generous compensation for people dismissed as a result of union membership agreements.

But Mrs Patterson, chairman of the women's advisory committee, said: "It offers financial bribes to workers not to be trade union members."

"There is no doubt that the Government's intention is to make effective union membership, agreements and arrangements unworkable.

A worker, dismissed for non-membership, could be awarded £2,000 by an industrial tribunal and a minimum of £10,000 if re-instatement is impracticable.

Mrs Patterson, a TUC member for 18 years and its longest serving member, also saw the Bill as a further attack on women workers.

She accused the Government of taking advantage of rising unemployment to divide workers by suggesting that women were taking men's jobs.

Ford foremen halt Halewood

BY BRIAN GROOM, LABOUR STAFF

ESCORT CAR production at *the Ford factory at Halewood*, North Merseyside, was halted yesterday when 600 *foremen* began an unofficial 48-hour strike over a disciplinary issue.

The stoppage is expected to continue today and will prevent the production of 1,700 vehicles worth more than £7.5m at showroom prices.

Ford hopes to resume full production after the weekend, *although it was unclear* yesterday whether this would happen. It has not laid off any of the 10,000 hourly-paid workers in the body and assembly plants.

The company offered no explanation for this unusual decision. About 4,000 workers were laid off during a paint shop disciplinary dispute earlier this month.

The present dispute began a fortnight ago when management argued with hourly paid workers over whether relief workers *in* the headlining area should be put on gineing work.

Two foremen refused to operate an interim procedure, and management told them they would receive written warnings. Their colleagues—members of the Association of Scientific, Technical and Managerial Staffs—met and decided to walk out.

Output at Halewood has greatly improved this year, with production of 950-1,000 cars a day being regularly reached, compared with an average 700-750 last year.

Contract dispute at BBC

FINANCIAL TIMES REPORTER

JOURNALISTS EMPLOYED by the BBC's Russian service called for a 24-hour strike from 9 am yesterday over the case of a Soviet Jew whose contract with the Corporation has ended.

The BBC declined to reoew the contract of Mr Efin Maidanik after his five-year employment had ended. According to the Natiooal Union of Journalists and Association of Broadcasting Staff, criticisms were made about the quality of his radio voice.

The unions are angry that Mr Maidanik, who has settled in England after being recruited by the BBC in Israel, is now effectively without a job.

As a protest, the Russian service journalists called the strike, to draw attention ot the plight of foreign staff employed by tha BBC.

The Corporation's foreign service said that the BBC followed a "fresb blood" policy in recruiting foreign staff. The idea was to have a regular turnover of people.

The BBC said yesterday afternoon that the Russian service had oot been affected.

Moderate unions in recruitment pact

BY BRIAN GROOM, LABOUR STAFF

TWO moderate TUC unions launched a joint move yesterday to increase their memberships among professional and managerial staffs in aerospace, engineering and shipbuilding.

The pact is between the Electrical and Engineering Staff Association (Eesa) — which is the staff section of Mr Frank Chapple's Electrical and Plumbing Trades Union (EPTU)—and the Engineers' and Managers' Association (EMA).

The Eesa and EMA have buried their differences in an attempt to gain an advantage over their more left-wing rivals in a field which is open to further unionisation.

Mr John Lyons, EMA general secretary, said their initiative was bound to be resented by the Technical, Administrative and Supervisory Section (TASS) of the engineering union, and by the Association of Scientific, Technical and Managerial Staffs (ASTMS).

The cornerstone of the Eesa-EMA effort is to be a joint approach to the Engineering Employers' Federation, seeking national recognition for collective bargaining. The EEF recognised five white-collar unions, but not Eesa or EMA. These two will now seek bargaining rights for senior staff.

Mr Lyons recognised that the EEF would be the major area of difficulty, but he said "they cannot brush us off." The unions' joint approach will be backed by an assurance to the employers that there will be no difficulties between the two over recruitment.

EMA wants to join the Confederation of Shipbuilding and Engineering Unions, of which the EPTU is a member, but TASS, in particular, has marshalled stiff resistance to this.

The agreement with the EEF sought by Eesa and the EMA would not mean national pay talks, but it would bolster both unions' efforts to win recognition in a large number of EEF companies.

The two unions have a total membership of 15,000 among managerial staff in aerospace, shipbuilding and engineering, but hope to recruit considerably more. Shipbuilding management is already strongly unionised, but they estimate that there is a potential for bringing in 10,000-12,000 new members in aerospace and over 150,000 in engineering.

Civil Service unions vote to accept new technology

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT secured trade union acceptance yesterday of an interim agreement on *introduction* of *new* technology in the Civil Service.

The agreement, which comes into force on Monday, includes a guarantee that no compulsory redundancies will arise from new technology during the agreement's two-year lifetime.

For the Government, the deal is a breakthrough in its efforts to introduce more computers into the Civil Service. The service is already the largest single user of computers in the UK, with 650 medium-to-large computers, 700 micro-computers and 500 word-processors already in use.

For the Civil Service unions, the agreement provides a breathing space until what they hope may be a better political climate.

They have not sold the pass on such major areas as computerisation of Pay-As-You-Earn taxes, which falls outside the two-year period, though pilot studies are going ahead, but have also won no improved benefits, particularly a shorter working week, in return.

The agreement offers the unions considerable consultation on introduction of new technology, though it acknowledges that it will result in loss of a number of jobs.

A special meeting of the full Council of Civil Service Unions approved the deal yesterday by 46 votes to 17. This vote was expected after the votes of individual unions, and particularly, after the Inland Revenue Staff Federation delivered a key vote in favour

Wales TUC to seek aid for workers' co-operative plan

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WALES TUC is to seek aid to help set up a centre for developing a workers' co-operative along the lines of the successful Mondragon enterprise in Spain.

According to details disclosed yesterday, the Wales TUC will seek an initial contribution of £150,000 from various sources to establish a Welsh co-operative development centre, with a full-time staff headed by a director accountable to a board.

The scheme follows an inquiry into the feasibility of setting up a workers' co-operative to help *overcome* the massive loss of jobs *over* the past two years.

The structure draws on the experience *of the Mondragon* co-operative experiment in the Basque provinces of Northern Spain, where nearly 20,000 jobs have been created *over the past* 25 years.

Last month Mr Nicholas Edwards, the Welsh Secretary of State, *agreed* to look at detailed proposals. However, the Welsh office is stressing that although the Government was happy to fund the feasibility study, is not yet committed to contributing to the final scheme.

The Welsh TUC's proposals also envisage an initial investment fund of £500,000, of which £200,000 would be invested in short-term gilt edged stock to underwrite loans to co-operative ventures *and workers launching* them.

Even assuming a default rate of 10 per cent, the computer model *predicts that* the fund's annual income via savings would eventually stabilise at £400,000 per annum after six years.

Mr George Wright the Wales TUC General Secretary, said they were looking for a positive response from Mr Edwards. He noted that the Scottish Development Agency were planning to make some £200,000 available to the Scottish Co-operative Development Committee over the next three years.

The Wales TUC also plans to approach the EEC, MSC, the Gulbenkian Foundation and the Joseph Rowntree and Nelchett Trust for financial aid to launch the centre.

Midland attacked on Stone-Platt receivership

By Ivor Owen

A NEW approach by the banks to the needs of manufacturing industry was urged by Mr Geoffrey Robinson (Lab Coventry North West) in the Commons yesterday when he condemned the Midland Bank for forcing Stone-Platt, textile machinery makers, into receivership.

He emphasised that the company had striven hard, with the support of successive Conservative and Labour governments, to overcome difficulties which prevented it keeping up with international competition.

By producing good, technically advanced products, said Mr Robinson, the company had become world leaders in its field, and was currently breaking even and operating within its bank facilities.

He asked: "Does anyone really believe that Japan would put such a company through the hoop of enforced receivership with the loss of confidence and uncertainty it creates in the market place?

"Would the French or German banks, working close as they do with their manufacturing industries in their national interests, have taken the decision which the Midland has taken today?"

Mr Robinson contended that the situation was all the more deplorable because in a matter of days the Midland would be announcing record profits.

He forecast that the Stone-Platt receivership would come to be seen as a "major blackspot" for Britain's banking institutions.

It marked the nadir of the failure of the banks to understand and cater for manufacturing industry, particularly medium-sized engineering companies like Stone-Platt.

Mr Robinson's application for an emergency debate on the issue was rejected by the Speaker, Mr George Thomas.

Seal products ban rejected

MR PETER REES, Trade Minister, yesterday ruled out a ban on imports of seal products.

"There are no trade or economic reasons for imposing a ban," he said in a Commons written reply, adding: "There is no authoritative evidence that seals, particularly in Canada, are endangered as a species."

Foot and Thatcher clash on arms offer response

BY IVOR OWEN

AN ANGRY Mrs Thatcher yesterday told Mr Michael Foot, the Opposition leader, to lecture Soviet President Brezhnev rather than President Reagan and herself on the need for faster progress towards nuclear disarmament.

In Question Time exchanges in the Commons Mr Foot attacked the Prime Minister for failing to follow up effectively the disarmament proposals put forward by the Soviet Union in the autumn of 1979.

He welcomed the fact that the Prime Minister had now accepted the Opposition's advice and agreed to address the United Nations second special session on disarmament in June.

But Mr Foot wanted to know if President Reagan had consulted Britain before turning down "without any consideration" President Brezhnev's latest proposals to institute a unilateral freeze on the deployment of new medium range nuclear missiles in the Soviet Union's European sector.

Mrs Thatcher reminded Mr Foot that President Brezhnev's latest proposal would have the effect of freezing the Soviet Union's total superiority in theatre nuclear weapons and that it had been preceded by President Reagan's backing for the so-called "zero option."

Recalling that the Opposition had already welcomed the earlier statement by President Reagan, Mr Foot stressed: "We believe that if that proposal can be translated into a full-scale zero option we might be making some progress."

He argued that bad the British Government acted in the autumn of 1979 negotiations could have been under way before the Russian SS-20 missiles were deployed in their present positions.

Mrs Thatcher snapped: "You should address your advice to President Brezhnev because it takes two to get to a zero option."

In any case, she added, Britain had not participated in the earlier Strategic Arms Limitation Talks, which had been conducted by the United States and the Soviet Union.

Rhine forces 'hampered by spending restrictions'

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE operational efficiency of British forces in Germany is being impaired by cuts in spending on fuel, spares and training, the Commons select committee on defence said yesterday.

The committee notes in a report that restrictions on ammunition use by the British Army of the Rhine (BAOR) have brought training time down to 75 per cent of the approved training scale, while fuel shortages have reduced tank training.

The Royal Air Force faces even more worrying problems, the report says.

"At a time when the demands of fast jet aircraft have become greater . . . the number of flying hours has been progressively reduced," it notes.

Flying rates endorsed by the RAF in 1977 as the minimum required to maintain operational standards — and endorsed by the Nato command —were reduced in 1980-81 and again last year because of financial pressures, the Committee notes.

"We are in no doubt that the efficiency of RAF Germany will suffer if training standards are not maintained," it says.

The report covers a visit the committee made to the central German front in October. Secret details of evidence taken later from the Ministry of Defence are replaced by asterisks.

This includes the actual number of training hours now flown by the RAF in Germany, compared to Nato requirements.

Severe cuts in the budget for British forces in Germany were introduced in 1980-81. Under pressure of overspending, the Defence Ministry also introduced a moratorium on defence contract payments.

The committee notes that the cost of British forces in Germany in 1981-82 (excluding equipment) represented 8.4 per cent of the total defence budget of £13.3bn. Costs will be reduced by some £20m as a result of reducing personnel to the 55,000 guaranteed by treaty.

The committee says the restructuring proposals are "realistic," but it believes more savings could be found in the long term — for example, by amalgamating the separate BAOR and RAF medical services.

It also criticises the British Rapier air defence system, which it saw in position at RAF Wildenrath.

"Since Rapier is such an outstandingly effective system it is the more regrettable that its operating position can so easily be detected by the noise of the generator" it says.

Tory revolt on jobless benefit restoration call

By Ivor Owen

THIRTEEN TORY BACK benchers staged a revolt in the Commons last night when the Government refused to restore the 5 per cent cut made in unemployment benefit in November 1980 in lieu of taxation.

They voted with the Opposition in an unsuccessful bid to have the cut made good, because of an undertaking given during the passage of the Social Security (No. 2) Bill 1980.

Mr Hugh Rossi, Minister of State for Social Services, denied that a specific undertaking had been given, and claimed that words used by Mr Patrick Jenkin, the former Social Services Secretary, had been taken out of context.

He said expenditure in excess of £50m would be needed to restore the cut, and this could not be provided this year.

Mr Rossi reaffirmed that the Government would keep the matter under review and promised that the 5 per cent cut would not be allowed to become a permanent reduction.

While the cut could not be restored now, it would be made good "at the right time."

An Opposition new clause to the Social Security and Housing Benefits Bill, designed to make good the 5 per cent reduction, was defeated by a majority of 30 (248-218).

Commons Sketch

Good news for the friends of Willie

THE LAST few days have been very worrying for members of the Society for the Preservation of Willie Whitelaw, the Home Secretary. Anxiety has grown for this marvellous one-man institution, as the Tory hangers and floggers mounted a shrill campaign against his alleged "soft" approach to crime.

There is good news, however, for those of us who have treasured Willie's performances over the years. Once again, in the Commons yesterday, his unique use of the English language left his critics virtually speechless.

Why was crime going up at a time when more resources were being poured into the police?

Answer: "The community as a whole needs to examine these facts. There are many reasons for it, but no excuses."

But the highlight of the afternoon came a little later during questions to the Prime Minister.

Suddenly, the whole law-and-order campaign rebounded, leaving Mrs Thatcher flat on her face. The man who accomplished this was that cagey old campaigner, Jim Callaghan, the former Prime Minister.

It was soon clear that there was going to be little to satisfy what Labour spokesman Peter Snape described as "the unhealthy blood lust" of the Tory right wingers.

"I do not think corporal punishment will return to this country," Mrs Thatcher declared to cheers from Labour and an uneasy silence on her own benches.

The disastrous sequence started when Mr Ivor Stanbrook (Con. Orpington) rose to question the Prime Minister.

"Despite the valiant efforts of the Home Secretary to which I and my honourable friends pay tribute . . ." he began.

At this, the Opposition broke up in taunts and laughter. Could this really be the Mr Stanbrook who had been one of the leaders of the hue and cry against Mr Whitelaw?

"Get your knife out of Willie's back," shouted left-winger Mr Bob Cryer helpfully.

The substance of Mr Stanbrook's question hardly reflected the sense of outrage we were led to believe existed on the Tory back benches over the figures for increased crime. It was an anodyne rigmarole about crime being influenced by many factors, including the family, school, church and television.

A much tougher question came from Mr Alfred Dubs (Lab Battersea South), who pointed out that the number of serious crimes had declined when Mr Callaghan was in power.

Mrs Thatcher, who seemed taken aback by this, rapidly thumbed through a sheaf of statistics and finally suggested that the number of murders were at their greatest during the time of the last Labour government.

Mr Callaghan, who was affectionately known as "Pc Plod" during his term at the Home Office, ominously rose from his seat to put his case before the court.

It was, he said, a simple statistical fact that serious crimes, such as violence against the person, burglary, robbery, criminal damage and handling stolen goods, had declined each year when he was Prime Minister and gone up every year during Mrs Thatcher's term of office.

With refreshing frankness, he admitted that neither he nor Mrs Thatcher had any influence at all upon those statistics.

At this, Mrs Thatcher desperately floundered through her papers again and blurted out a full confession.

"I'm sorry. I cannot reinforce what I said about the number of murders. I was, in fact, thinking about something else."

She explained that she had been mistaken and had really meant to refer to the number of policemen who were killed while the Labour government was in office.

In the ensuing uproar, the Speaker, Mr George Thomas, had to introduce some law and order of his own, while Mrs Thatcher declared huffily: "What has happened has made a triviality of something which is extremely serious."

All in all, it seemed to have been a fair cop for Jim.

Another intriguing minor development should not pass without note.

Mr Patrick Mayhew, Minister of State at the Home Office, yesterday emerged as a worthy acolyte of Mr Whitelaw.

In a written reply to a suggestion that rapists should be castrated, he declared: "There is already sufficient reason to doubt the effectiveness of castration in preventing further sexual offences."

Willie could not have put it better himself.

John Hunt

Alliance candidates agreed for over 400 English seats

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE SDP and the Liberals have agreed on a roughly equal share-out of seats in two-thirds of the constituencies in England.

The local negotiations which began just before Christmas and have at times put very serious strain on the Alliance have produced agreements covering more than 415 seats.

Mr David Steel, the Liberal leader, and Mr Bill Rodgers, the member of the SDP leadership responsible for the negotiations, said in a joint statement yesterday that "except for a handful of constituencies" they were confident that agreement would have been reached throughout the country by the original deadline at end of March.

In a statement which seemed timed partly to demonstrate to the electorate of Hillhead the harmonious relations between the two parties, the two leaders claimed that "in view of the many factors that had to be considered" the progress so far was a "remarkable achievement" which reflected greatly to the credit of all the local party members who had been involved in negotiations and had been obliged to make concessions and "sometimes accept difficult decisions."

Nevertheless, some constituencies are creating problems and agreement still has to be reached in two of the areas containing seats in which the Liberals have done particularly well in the past—Devon and Cornwall.

Negotiations are still going on in central London where the SDP hopes to fight twice as many seats as the Liberals.

Earlier this week the two parties announced that they had agreed how to share-out seats in Scotland. Yesterday's announcement confirmed the deals struck in Nottinghamshire, Derbyshire and parts of greater London.

Provisional agreements have been reached in 16 other negotiating units including the rest of Greater London, part of Greater Manchester, East and West Sussex, Essex, Hampshire, the Isle of Wight, Kent, Lincolnshire, Norfolk and Suffolk, Northamptonshire and Leicestershire, North Yorkshire, Humberside, Somerset, Dorset, South Yorkshire, Surrey, Tyne and Wear and Northumberland, Warwickshire, and the West Midlands.

The parties said that negotiations were continuing in the remaining 13 units.

Employment Department 'failing to make staff cuts'

BY PHILIP BASSETT, LABOUR CORRESPONDENT

STAFF CUTS in the Department of Employment seem likely to be necessary if the Government's target of cutting the size of the Civil Service to 630,000 by 1984 is to be achieved.

In evidence to the Government's inquiry on Civil Service pay, chaired by Sir John Megaw, on the methods of achieving staff cuts, the Treasury gives a breakdown of how individual departments have progressed

Rising unemployment has led to an increase in the Department of Employment. Numbers have risen from 53,652 in April 1979, to 58,517, an increase of 9.07 per cent compared with a target cut of 8.67 per cent. This implies that further cuts or adjustments to other departments' figures will be necessary to meet the overall target.

The Department of Health and Social Security—another department whose work reflects the impact of unemployment—has been among those having the greatest difficulty in meeting its target.

The DHSS is supposed to achieve a 10.85 per cent cut, from 98,369 to 87,700. So far, though, it has managed only 1.55 per cent, reducing its total staff to 96,849.

The Department of Transport has managed only a 5.16 per cent cut, compared to a target of 23.07 per cent.

Some departments have achieved greater reductions, however. The Department of Environment has cut its staff by 21.49 per cent, compared to a target of 26.12 per cent—mainly through contracting out to the private sector the building maintenance work in its Property Services Agency.

Other departments which have achieved most of the required cuts include the Foreign Office (7.32 per cent cut, compared with a target of 8.1 per cent), and the Welsh Office (13.2 per cent compared with a target of 15.61 per cent).

The Government's commitment to law and order is reflected in the figures for the Home Office, which was targeted to increase by 4.21 per cent by 1984—mainly police and prison staff—and which has already risen by 4.08 per cent.

The Treasury acknowledges that many of the cuts have been achieved only by dropping or radically changing some functions. For example, the Inland Revenue was able to lose 1,200 posts as a result of the abolition of the lower income tax band and of continuous updating of rating valuation lists.

Walkabout Heath pulls in the crowds

By Mark Meredith, Scottish Correspondent

A VOTE-CATCHING walkabout by Mr Edward Heath on Glasgow's Hyndland Road turned out to be the major media event of the day in the Hillhead by-election campaign yesterday.

Reporters outnumbered passers-by and shop attendants by at least 10 to one as Mr Heath shook hands, affirmed his admiration for Mr Roy Jenkins, the Social Democratic-Liberal Alliance candidate, but urged voters

HILLHEAD BY-ELECTION

to back Mr Gerry Malone, the Conservative candidate at the polls on March 25.

The Jenkins camp meanwhile produced its own canvass of support—possibly to confound recent unpromising opinion poll results. This showed them ahead with 24 per cent of the vote, the Conservatives at 21 per cent, Labour with 15 per cent and the Scottish Nationalists 7 per cent.

The "don't knows"—the main target of Alliance attention in Hillhead—accounted for 27 per cent.

A recent poll estimate had put the "don't knows" at around 10-12 per cent.

In an improvised press conference at a shop serving as local Conservative Party headquarters, Mr Heath betrayed a slightly more interventionist line on the economy than many in his party.

"We've got to use all the weapons we have in the economy to keep it balanced while we provide jobs," he said.

During his time in government he had worked for a proper balance between Scotland and the rest of the United Kingdom, particularly on employment, he said.

His economic proposals sounded similar to those of Mr Jenkins, one reporter noted.

"Yes" replied the former Prime Minister, with a grin like a Cheshire cat.

Yes, he was an admirer of Mr Jenkins's work as a European Commissioner, but that was no reason that he should be elected a Member of Parliament, Mr Heath said.

"As you know I express my views to the Government and sometimes they take notice and sometimes they don't. At the moment they're taking rather more notice."

Mr Heath and Mr Malone, followed by a herd of the shop to shop discussing nation's Press, went from questions of capital punishment and the economy.

Politics Today, Page 27

Next week's business in parliament

COMMONS

Monday: Mental Health (Amendment) Bill (Lords) Second Reading; Agricultural Training Board Bill (Lords) and Industrial Training Bill (Lords) for consolidation.

Tuesday: Social Security and Housing Benefits Bill, remaining stages; Social Security Class 1 Contribution Order and State Scheme Premiums Order.

Wednesday: Civil Jurisdiction and Judgment Bill (Lords) Second Reading; debate on the CAP price proposals for 1982-83; Industrial Relations (Northern Ireland) Order.

Thursday: Debate on law and order.

Friday: Private Members' motions.

LORDS

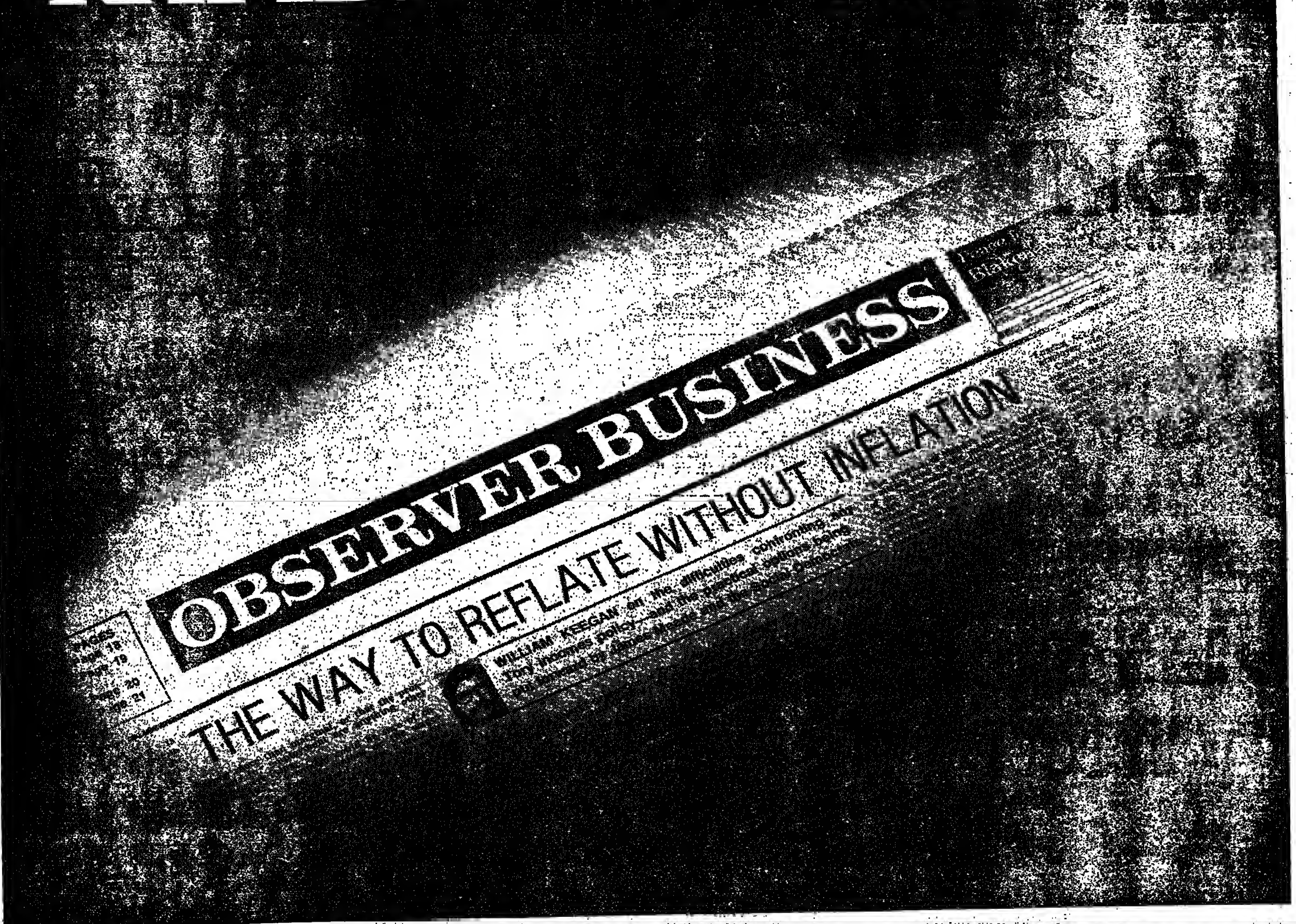
Monday: Consolidated Fund Bill Second Reading and remaining stages; Travel Concessions (London) Bill, Report; Vehicles Safety Regulations; Coal Industry Bill, Second Reading; Hostages Bill, Third Reading; Wages Councils (Abolition) Bill, Second Reading; short debate on drug taking by the young.

Tuesday: Canada Bill, Committee; Prevention of Terrorism Order; Legal Advice and Assistance Regulations.

Wednesday: Debate on law and order.

Thursday: Canada Bill and Travel Concessions (London) Bill, Third Readings; Pornography Bill, Second Reading; Salmon Fisheries (Protection) Bill, Report; short debate on plans to establish a bunker at Naphill, Bucks.

THERE'S ONE SECTION OF THE ECONOMY THAT'S RAPIDLY EXPANDING.



The Observer now has a bigger, separate 'Observer Business' section.

Editor William Keegan will write his usual sharp and sardonic commentary on the fortunes of monetarism.

The team will also feature Melvyn Marckus from the Sunday Telegraph as City Editor, Iain Carson from the Economist as Business Editor, and the effervescent John Davis as Fleet Street's first Investment Editor.

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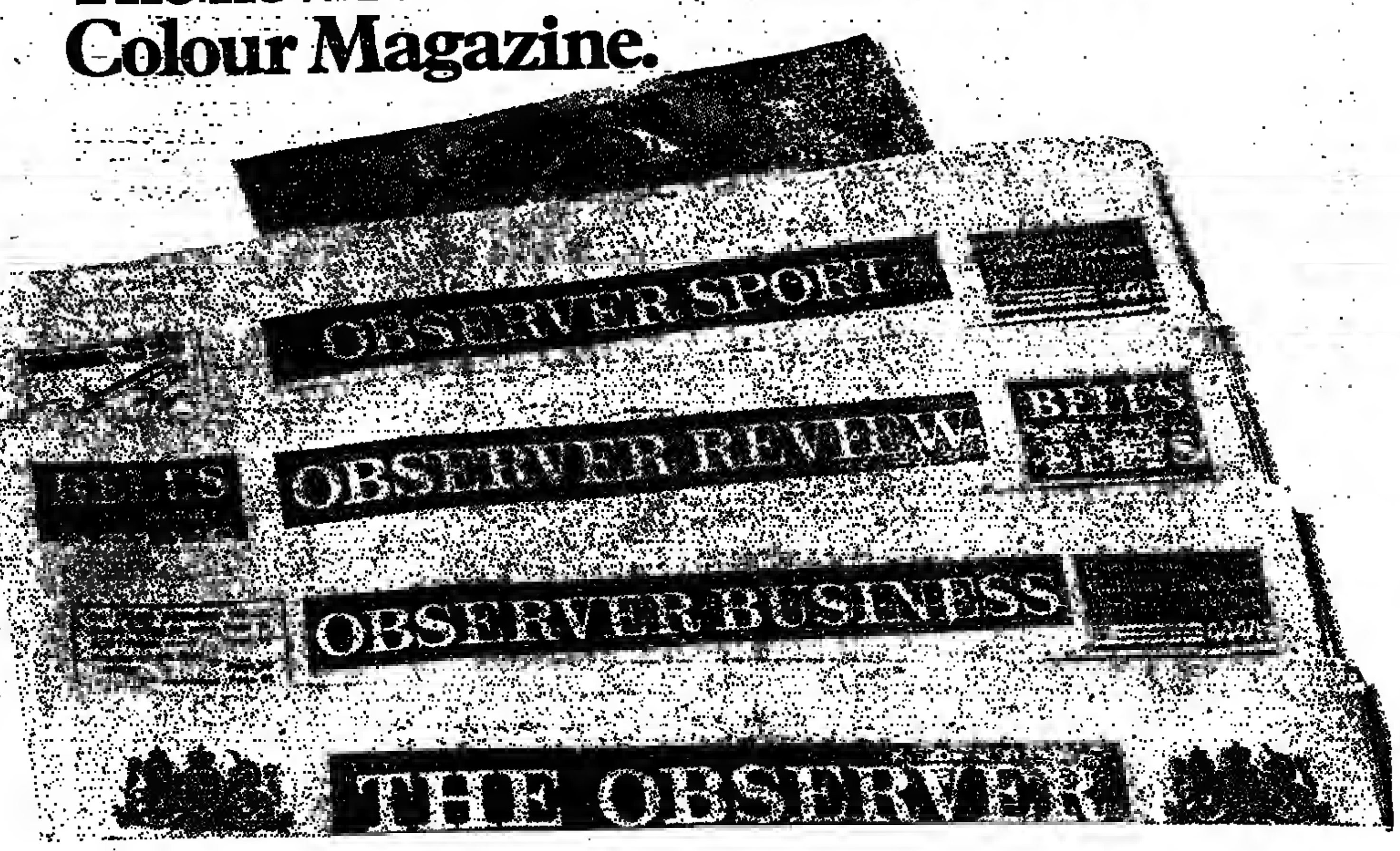

THE PROPERTY MARKET BY ANDREW TAYLOR

Euro Ferries goes abroad

EUROPEAN Ferries' growing property development interests are poised to expand into mainland Europe. The company has established a new property subsidiary, based in Monaco, and is seeking office development sites, particularly in West Germany and Holland.

The group, which entered the commercial property field only in 1976, has based its reputation on a string of successful UK office developments. More recently it has expanded its property interests into the U.S.

Mr Keith Wickeoden, Euro Ferries' chairman, said that the new company hoped to have its first Continental office development under way by the eod of this year. It is looking for sites which could support 50,000 to 100,000 sq ft projects in major centres.

Paul Norman and Irving Scholar, two chartered surveyors with whom Keith Wickenden started Townsend Thoresen Properties, are to head up the new operation. Unlike Townsend Thoresen Properties, which is 75 per cent owned by Euro Ferries (with Mr Norman and Mr Scholar holding the balance), the new subsidiary, still to be oamed, is 100 per cent owned by Euro Ferries.

The decision on mainland Europe—an unfashionable market for British developers and property investors, sioce so many got their fingers badly burned in the mid-1970s—is typical of the company.

"It was not fashionable to move into UK office development when we started in 1976," says Mr Wickenden. "The market was at its lowest ebb but we believed that prices were too low and that there were good opportunities.

Keith Wickenden stresses that the company will not abandoo its cautious approach to development simply because it has crossed the Channel.

In the UK the company's property divisioo has built its reputation on some shrewed purchases of land wheo prices were deoressed. It traditionally has bought sites only where planning permissions were assured and had largely delayed committing money for buildiog work until either a tenant was assured or a forward sale was agreed. It is a developer of property for sale, not an investor. In this wsy Euro Ferries claims it keeps risks to a minimum.

The shape of Euro Ferries' property interests is changing radically. It is proposing a major share deal to buy the interests of its Canadian partners, Vace, in several hundred acres of development land at Denver, Colorado, and a smaller industrial development at Atlanta, Georgia.

If the deal is approved by Euro Ferries' shareholders it could leave the former Canadian partners as the British company's largest shareholder, controlling around a fifth of Euro Ferries shares, says Mr Wickenden.

Immediate prospects for Euro Ferries' property interests, however, raise several issues:

- In the UK, the bedrock of its property profits, the company no longer has the beoefit of a sharply risiog market in which to sell its developmeots. Moreover the company, disenchaoted with recent planning wrangles, is rigidly sticking to a policy of not taking on new schemes without guaranteed planning permission.
- In the U.S., where the company says that growth potential is greatest, the compaoy still has to put one brick on top of another in its own right. Its progress in Denver has been puoctusted by a bewildering series of laod sales, land mergers and joint venture deals. Some of the joiot ventures are now under way. The terms won by Euro Ferries appear extremely favourable and hsve involved very little or no cash outlay by the company. The downside therefore is extremely low; the upside haa still to he realised aod will require at some stage a much greater level of casb commitment by Euro Ferries.

In the short term these factors appear to point to a slower rate of growth from property earnings than that to which Euro Ferries bas recently heen accustomed. Nevertheless, a contiouing flow of UK development sales in 1981 is thought to have kept property profits at around the same level as 1980. Overseas property investments have still to realise that poteotial.

Marketing problem at Millwall Dock

THE FIRST parcels of development land to be made available inside London's new enterprise zone have been put on the market by the London Docklands Development Corporation—the body established last year to mastermind the regeneration of the capital's former dockland areas.

The zone is to be establisbed on the Isle of Dogs and the 30 acres oo the market are on a former lorry park next to Millwall Dock. The price at which the land is sold seems destined to create as much debate and concern in property circles as bas occurred with other eoterprise zones around the country.

The prohlem facing puhlic authority landlords inside zones is wbether to pitch prices to take account of the various fiscal advantagea provided by the zones, including a 10-year local authority rate free holiday.

If land prices rise, developers complain that authorities are taking unfair advantage and abusing one of the main aims of the zones: to encourage new development. A failure to increase prices, bowever, means that capital values of properties and land immediately outside the zone fall, to balance out the benefits heing provided to developers and tenants inside the zone.

The London Docklands Development Corporation is not immune from these problems and at least one leading industrial developer has expressed disquiet at the size of the price tag suggested by the Corporatioo for land inside the boundaries of the Isle of Dogs Eoterprise Zone.

Commercial development land immediately outside the zone is presently estimated to be fetcbing between £75,000 and £100,000 an acre. This compares with a likely price tag for land inside the zone of between £150,000 and £180,0000 an acre.

Two tranches of land inside the Isle of Dogs zone are currently on offer. Healey and Baker is arranging the sale of three sites, totalling around 13 acres, which are aimed at the speculative developer. Henry Butcher is arranging the sale of a further 20 acres to be sold to owner occupiers planning to build their own factories, warehouses or offices.

Healey and Baker says that price is not being discussed and that the market will find its own level. Henry Butcher, however, has indicated to owner-occupiers that prices could be in the region of £150,000 and £180,000 an acre, depending on the size of unit and quality of site.

Sites on offer to speculative developers would provide for small nursery units up to 3,500 sq ft and for larger units up to 20,000 sq ft. Henry Butcher is offering owner-occupiers sites of between half an acre to four acres.

LMS lets Islington offices

LONDON Merchant Securities, sees its letting of the 7,500 sq ft upper part of a newly restored office building—formerly a J. Lyons Corner House—at the Angel, Islington, as a good omen for the impending marketing of its 235,000 sq ft Angel Centre, which nets down to 175,000 to 180,000 sq ft of air conditioned office space and should be completed in September.

Williams and Glyn's Bank has an office development of similar size under construction opposite the Centre. The Corner House letting is to Anthony Gibbs, part of the Hong Kong and Shanghai banking group.

- Vickers da Costa, stockbrokers, in their latest quarterly review, recommend investors to reduce their holdings in companies with high exposure to London office properties in favour of those with more broadly based industrial, office and shop portfolios.

The brokers say that, because of depressed international demand, the London office market will remain oversupplied well into 1983.

- Eagle Property Trust's 22,000 sq ft air-conditioned Southwark Bridge House office development in London has been let by Jones Lang Wootton and Richard Main and Co to British Telecome and Co to British Telecom International

Keener prices for Woolworth stores

F. W. WOOLWORTH'S property disposal programme was taken a stage further this week with the instruction of agents—Healey and Baker, Edward Erdman and Hillier Parker—for the sale of the latest tranche of 25 stores, split up as follows:

- Healey and Baker will be dealing with stores at Leeds, Derby, Bromley, Guildford, Dublin, Liverpool, Nottingham and Richmond which between them total some 239,000 sq ft of selling space;
- Erdman take Manchester, Burnley, Blackburn, Lewisham, Oxford, Blackpool, Watford and Brentwood, which add up to 229,000 sq ft; and
- Hillier Parker have Edinburgh, Wood Green, Holloway, Dalston, Tottenham, Wembley, Upper Edmonton, Wigan and Ilford for a 161,000 sq ft total.

All in all, the grand total is nearly 630,000 sq ft which, Woolworth estimates, will raise over £90m, or a little over £143 a sq ft. Compare that with the earlier group of six stores which went on the market late last year—about 150,000 sq ft for a suggested £50m, or £333 a foot—and you get the feeling thst somebody, somewhere, is lowering his sights a little.

There may be a reason for that. Of the first six stores which went on to the market, only two have been sold. Argyle Street, in Glasgow, came close to target, some 40,000 sq ft going for £12.8m (£320 a foot) via Hillier Parker, with John Menzies coming in on tho ground and offices going upstairs.

Bournemouth's 27,000 sq ft, however, went to Boots for between £5m and £6m or some £200 a foot, taking a middle price range. This means that the remaining four stores—at Putney, Kensington, Oxford Street and Dundee, a total of some 72,600 sq ft—would have to make £430 a foot to reach the £50m target.

Meanwhile, the average size of the stores Woolworth is selling is about 25,000 sq ft. When the sales are completed, Woolworth says it will have approximately 9½m sq ft of retailing space in its 960 remaining stores—or just under 10,000 sq ft a shop.

It appears that Woolworth is selling whst is marketable, in a sluggish period for the retail property market. Property professionals were naming British Home Stores, Boots (as we have seen already), W. H. Smith and Mothercare as potential interested parties, although property investors and developers are also likely to come into the reckoning.

Given that the stores are widely dispersed, and that Woolworth says that it is under no short term pressure to sell, Woolworth's plans are not expected to make the retail property market any worse.

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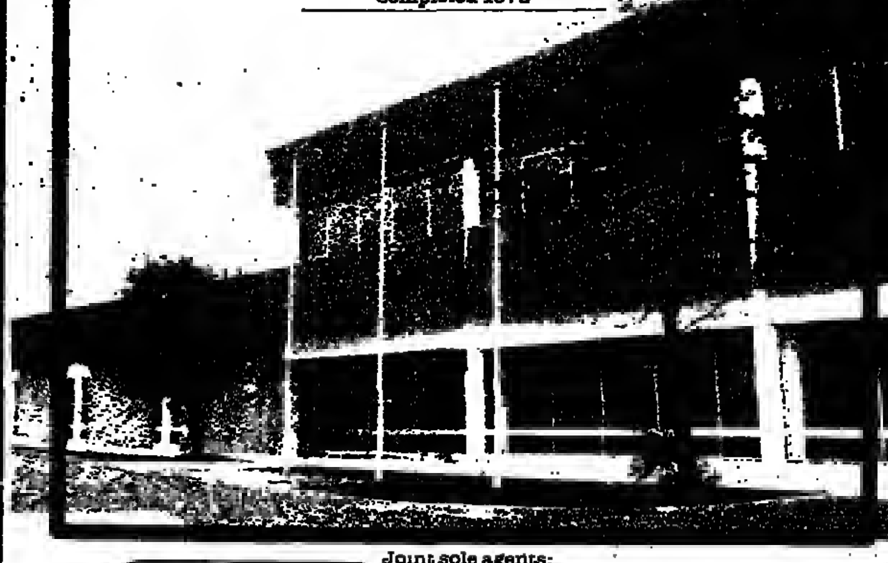

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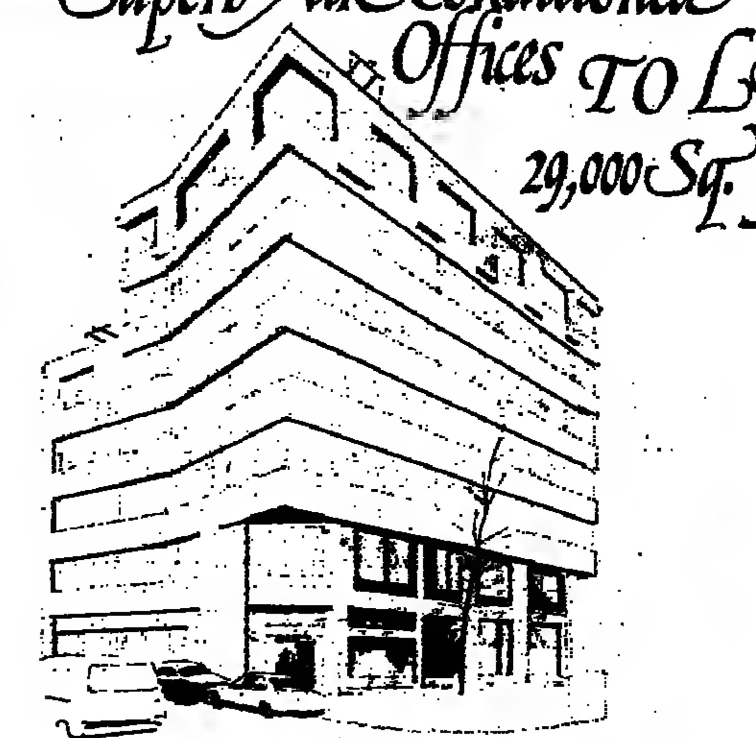

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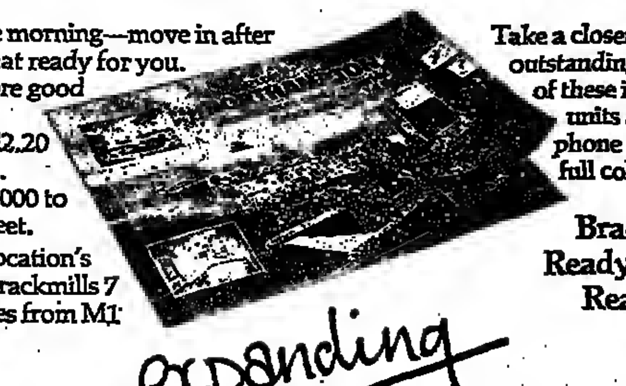

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INTERNATIONAL PROPERTY

FT COMMERCIAL LAW REPORTS

Charterers' duty to present complete forms

GARBIS MARITIME CORPORATION v PHILIPPINE NATIONAL OIL CO

Queen's Bench Division (Commercial Court): Mr Justice Goff: March 2 1982

WHERE A ship's master is bound under a charterparty to sign bills of lading presented by the charterers in a certain set form, he is entitled to refuse to sign unless blank spaces on the form are filled in with the required information; and charterers who fail to present the form properly completed are in breach of the charter.

Mr Justice Goff so held when upholding an arbitrators' award that Philippine National Oil Co, charterers, were liable to Garbis Maritime Corporation, shipowners, for damages for the detention of the chartered vessel, the Garbis, resulting from the Master's refusal to sign incomplete bills of lading.

* * *

HIS LORDSHIP said that the owners hired the Garbis to the charterers under a tanker voyage charterparty in the Exxonvoy form, for the carriage of oil from Bahrain to the Philippines.

The charterparty contained standard printed clause 20, which provided that "the Master shall, upon request, sign bills of lading in the form appearing below for all cargo shipped . . ." The form of the bill of lading referred to was set out at the end of the charter. An unusual typed clause was also inserted into the charterparty.

The vessel proceeded to Bahrain and loaded her cargo. On completion of loading, the charterers presented the bills of lading for the Master's signature. They appeared to be in the form set out at the end of the charterparty, but the blank spaces in that form had not been filled in so that the dates of the charter and names of the parties were omitted.

The Master refused to sign the bills unless the blanks were filled in, and also insisted that the unusual typed clause which had been inserted into the charterparty should be endorsed on the bills. As a result of the dispute which arose, the vessel was detained at Bahrain.

The charterers submitted to arbitrators in the dispute that the Master was obliged to sign the bills of lading as presented. The owners submitted that he was entitled to refuse. The arbitrators found in favour of the owners. The question now for the decision of the court was whether the charterers were liable to the owners for damages for breach of the charter.

Under voyage and time charters there might be an express provision in the charter which required the Master to sign bills of lading in the form presented to him for signature.

A provision of that kind reflected the fact that when goods were carried in a chartered ship, a bill of lading might well be one of a set of documents to be used for the purpose of performance of a contract of sale; and as such it would be endorsed over to the buyer and become, in his hands, not merely a receipt for the goods, but the document which contained or evidenced the terms of the contract of carriage between him and the shipowner.

It was accordingly important that the bills of lading should be in a form which would comply with the terms of the contract.

The decided cases established that if a charter required the Master to sign bills of lading as presented, and if a bill of lading was presented in a form which did not contain extraordinary terms, or terms which were manifestly inconsistent with the charter, then he must sign them.

The question was one of construction of the relevant documents. Under the present form of charter it was not provided that the Master should sign bills of lading as presented. He was bound to sign bills of lading "in the form appearing below," which was the form set out at the end of the charter. It must follow that if bills of lading were presented which were not in that form, then the Master was not bound to sign them.

If blank spaces in the form were not completed, could it be said that the bills of lading were "in the form appearing below"? The blanks were left for the purpose of entering relevant details. The form therefore contemplated that, at least where the information was available, those details should be inserted.

Unless that was done, the bills of lading were not in the specified form; and all that was tendered for signature was a document which was incomplete under the contract.

It followed that the charterers committed a breach of the charter in insisting that the bills of lading should be signed without the relevant details, and they were liable in damages for detention of the ship resulting from their breach.

The Master was not, however, entitled to require that the bills of lading should be endorsed with the unusual clause because the words of incorporation in the bills were wide enough to incorporate that particular condition into the bill of lading contract.

The arbitrators' award should stand.

For the owners: Martin Moore-Bick (Richards, Butler & Co). For the charterers: Michael Collins (Holman, Fenwick & Willan).

By Rachel Davies
Barrister

Practice direction: time for lodging commercial documents

A PRACTICE direction issued by Mr Justice Parker on March 15 15 specifies the minimum period within which documents must be lodged with the Clerk of the Commercial List before the hearing of a chambers application.

His Lordship said that as from Monday, March 22, the existing notice as to the procedure for handing in documents would be replaced by the following notice:

"It is the responsibility of both parties to an application to the Commercial Judge-in-Chambers to lodge all documents relevant to the application in Room 244A [Royal Courts of Justice] by noon two days before the date fixed for the hearing. Any affidavits already filed should be bespoken and the exhibits, if any, lodged. On the first occasion when any inter-partes application is made in an action, the documents should always include the main pleadings and the parties should be prepared, if necessary, to justify the retention of the action in the Commercial List.

"Failure to comply with this direction will normally result in the application not being heard on the date fixed at the expense of the party in default.

"A copy of this notice should be attached to the copy application served on the parties."

Copies would be available in the office, and it was the responsibility of the applicant to attach a copy to the summons served on the opposite party.

RACING

BY DOMINIC WIGAN

THERE CAN never have been a race for more remarkable results than the Triumph Hurdle now sponsored by the Daily Express. Yesterday, Shiny Copper became the second 66—1 chance to win the race, for which the average price of the winner in the past three seasons is now over 55—1.

There was no fluke about Shiny Copper's success. The horse was at the back of the field in the early stages and only appeared on the scene running down towards the straight. But Mrs Nadime Smith's charge made relentless progress on the turn and tackled Cima on the run in to the final flight. From that point Shiny Copper always looked like obliging, in spite of the presence of formidable foes in General Brayfax and Royal Vulcan.

Mrs Nadime Smith is likely to remember the 18th Triumph hurdle for a long time as her other runners Prince Bless, Janus and Doctor Steve all acquitted themselves with reasonable distinction. Janus ran particularly well until tiring.

This afternoon inveterate backers will have to be content with less invigorating fare at Fakenham where it is a racegoers club concession day programme. Backers should be able to get off on the right foot here through Bogtree in the Castleacre Novices Chase. But for blundering at the 13th in a novices event run in holding conditions at Taunton seven weeks ago, Nick Gaselee's charge would undoubtedly have taken a hand in the finish. With only poor opponents to beat this time Bobtree ought to have few problems.

Silver Buck put Michael Dickinson firmly on course for a record haul in one season when storming to a comfortable victory over his stable companion, Bregawn, in yesterday's Cheltenham Gold Cup. The winner took almost £50,000.

The saddest aspect of the race was the total eclipse of Night Nurse, who had to be pulled up by Jonjo O'Neill after getting further and further behind with over a mile to go.

FAKENHAM
2.15—Bobtree***
2.45—Rosies Secret
3.45—King Piccolo
4.15—Alngers Green*
4.45—Left Bank**

TELEVISION

Chris Dunkley: Tonight's Choice

One of those nights when you have to hunt for the worthwhile material. Journey To A Revolution offers an account of the trip across revolutionary France made by William Wordsworth and Robert Jones in 1790 with Gary Bond as Wordsworth and Sion Probert as Jones, on Radio 3.

Any Questions on Radio 4 sounds more promising than some weeks: guests are Tony Benn, Marghanita Laski, and Observer editor Donald Trelford. That's followed by Alistair Cooke's ever interesting Letter From America and a special edition of Kaleidoscope in which John Mortimer, author of "Voyage Round My Father" and creator of Rumpole, talks to Michael Billington about his life and work. "Playhouse" on BBC-2 is Keeping In Touch, the first play to be written for television by Alan Drury and the first to be directed by Terence Devaney. It is about the lack of intimacy in an English middle class family.

The evening's only funny programme (and even this is wildly inconsistent) is ITV's American import Bizarre. Then BBC-2 offers an opportunity for all the men who sat through "Brideshead" breaking the 10th commandment imagining what it would be like spending Friday Night . . Saturday Morning with Diana Quick.

BBC 1

6.40-7.55 am Open University (uhf only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.02-3.00 For Schools, Colleges. 3.20 Pohol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Captain Caveman. 4.30 Jackanory with Thora Hird. 4.45 Finders Keepers with Richard Stilgoe. 5.10 The Song and the Story with Isla St Clair. 5.35 Ivor the Engine.

5.40 News.

6.00 Regional News Magazine.

6.22 Nationwide, including 6.45 Sportswide.

7.00 "The Satan Bug" starring George Maharis, Richard Basehart, Anne Francis and Dana Andrews.

8.50 Points of View with Barry Took.

9.00 News.

9.25 McLain's Law starring James Arness.

10.15 The Ian Wooldridge Interview (Nigel Dempster) (London and the South East only).

10.45 News Headlines.

10.50-12.20 am The Late Film: "Hannie Caulder" starring Raquel Welch, Robert Culp and Ernest Borgnine.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
3.55 pm Living on the Land.
4.20 All I Ask is a Tall Ship.
5.10 Empires of War.
5.35 Weekend Outlook.
†5.40 "Sherlock Holmes and the House of Fear" starring Basil Rathbone.
6.45 Dear Heart.
7.10 News Summary.
7.15 A Musical Canal Celebration.
7.50 Gardener's World.
8.15 Newsweek.
8.50 Iris Williams and Sunshine in Portugal.
9.25 Playhouse.
9.55 Scoop.
10.25 The Blues with Alexis Korner.
20.50 Newsnight.
11.35-12.30 am Friday Night . . . Saturday Morning.

LONDON

9.25 am Schools Programmes. 11.55 Comic Stories. 12.00 Seeg Book. 12.10 pm Once Upon a Time. 12.30 Second Thoughts. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. 2.45 Friday Matinee: "The Arsenal Stadium Mystery" starring Leslie Banks and Greta Gynt. 4.15 Dr Snuggles. 4.20 Razzmatazz. 4.45 The Haunting of Cassie Palmer. 5.15 Square One presented by Joe Brown.

5.45 News.
6.00 The 6 O'Clock Show presented by Michael Aspel, with Janet Street-Porter and Fred Housego.
7.00 Family Fortunes presented by Bob Monkhouse.
7.30 Hawaii Five-O starring Jack Lord.
8.30 The Gaffer starring Bill Maynard.
9.00 We'll Meet Again starring Susannah York.
10.00 News.
10.30 Bizarre.
11.00 The London Programme presented by Andrew Phillips.
11.35 Police 5 with Shaw Taylor.
11.45 Thriller.
12.55 am Close: Sit Up and Listen with Dr Anthony Storr.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
12.30 pm Vet. 1.20 Anglia News. †2.45 Friday Film Matinee: "Operation Bullshine" starring Donald Sinden and Barbara Murray. 6.00 About Anglia. 7.30 The Fall Guy. 11.00 Members Only. 11.30 Friday Late Film: "Once You Kiss a Stranger" starring Carole Lynley. 1.30 am Encounters at Walsingham presented by Father Christopher Colven.

BORDER
12.30 pm Vet. 1.20 Border News. †2.45 Film: "The Love Match" starring Arthur Askey. 6.00 Lookaround Friday. 6.30 That's Hollywood. 7.30 The Fall Guy. 10.30 Your MP. 11.00 Danger UXB. 12.00 Border News Summary.

CENTRAL
12.30 pm Vet. 1.20 Central News. 2.45 Murder and Mystery Matinee: "The Impostor." 4.10 Windows. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 Friday Late Film starring William Holden in "Alvarez Kelly."

CHANNEL
11.55 am Look and See. 12.30 pm Vet. 1.20 Channel Lunchtime News. What's on Where and Weather. †2.45 The Friday Matinee: "The Intruder." 5.15 Emmerdale Farm. 5.00 Channel Report. 5.30 Link Up. 7.30 Hart to Hart. 10.28 Channel Late News. 10.35 Aujourd 'hui en France. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "Virginity." 12.45 am News and Weather in French.

GRAMPIAN
9.30 am First Thing. 12.30 pm Vet. 1.20 North News. †2.45 Friday Matinee: "Where the Bullets Fly." 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 Friday Late Night Film: "Land of the Minotaur." 12.05 am North Headlines, Road Report.

GRANADA
11.54 am Wattoo, Wattoo. 12.30 pm Vet. 1.20 Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Friday Matinee: Donald Houston in "The Viking Queen." 5.00 Kick Off. 6.30 Granada Reports. 7.30 The Fall Guy. 11.00 A Week on Friday. 11.30 For Adults Only: Senta Berger in "Cobra."

HTV
11.50 am Cartoon Time. 12.30 pm Vet. 1.20 HTV News. †2.45 Friday Film Matinee: "The Mark of Cain," starring Eric Portman and Sally Gray. 5.15 Benson. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.28 HTV News. 10.30 The Good Neighbour Show. †11.00 The Late Night Film: "The Colditz Story" starring John Mills and Eric Portman.

HTV Cymru/Wales—As HTV except:— 11.35-11.49 am About Wales. 12.00-1210 pm Beth am Stori? 4.15-4.45 Dafald Gwylit. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Outlook. 11.00-1.00 am The British Academy Awards.

SCOTTISH
12.30 pm Vet. 1.20 Scottish News. 1.30 Square One. †2.45 Friday Matinee: "The Mark of Cain." 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.30 Sports Extra. 6.35 Hilltead Hustings. 11.00 Late Call. 11.05 Thriller.

TSW
11.55 am Look and See. 12.30 pm Vet. 1.20 TSW News Headlines. †2.45 "The Intruder" starring Jack Hawkins, Michael Medwin, George Cole and Dennis Price. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.32 TSW Late News. 10.35 Postscript. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "Virginity" starring Vittorio Gassman. 12.45 am South West Weather.

TVS
12.30 pm Vet. 1.20 TVS News. †2.45 Friday Matinee: "The Mark of Cain" starring Eric Portman and Sally Gray. 5.15 Watch This Space. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Friday Sportshow. 7.30 The Fall Guy. 11.00 Horror!: "Night of the Big Heat" starring Christopher Lee, Peter Cushing and Patrick Allen. 12.45 am Company.

TYNE TEES
9.25 am The Good Word. 9.30 North East News. 12.30 pm Vet. 1.20 North East News and Lookaround. †2.45 Friday Matinee: "Passion" starring Cornel Wilde. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 The Fall Guy. 10.30 North East News. 10.32 Friday Live. 12.00 Superstar Profile. 12.30 am Poet's Corner.

ULSTER
12.30 pm Vet. 1.20 Lunchtime. †2.45 Friday Matinee: "Topper Takes a Trip" starring Constance Bennett, Roland Young and Billie Burke. 4.13 Ulster News. 6.15 Hear Here. 6.30 Good Evening Ulster. 6.30 Different Strokes. 7.30 The Fall Guy. 10.29 Ulster Weather. 10.30 Witness. 10.35 Counterpoint Special. 11.35 News at Bedtime.

YORKSHIRE
12.30 pm Vet. 1.20 Calendar News. †2.45 Friday Film Matinee: "The Mark of Cain" starring Eric Portman with Sally Gray, Dermot Walsh and Patrick Allen. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 11.00 Pro-Celebrity Snooker. 11.45 Mannix.

(S) Stereophonic broadcast

RADIO

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Andy Peebles. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 John Dunn (S). 8.00 Sequence Time at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Listen to Les with Les Dawson. 10.30 Anything for a Laugh. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Rameau (S). 10.00 Piano Recital (S). 10.55 Elizabeth Maconchy (S). 11.20 Adieu Trio (S). 12.15 pm Midday Concert Part 1 (S). 1.00 News. 1.05 I Don't See Going Any More (short story by Philip Oakes). 1.20 Midday Concert Part 2 (S). 2.00 Cellist Frances violin and piano recital (S). 2.40 Schumann song recital (S). 3.10 Capricorn: Chamber music recital (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 Journey to a Revolution. 7.30 Chilingirian String Quartet: Recital from the Broadcasting Centre, Birmingham. Part 1: Strauss, Schoenberg (S). 8.15 The Lyttelton/Hart-Davis Letters. 8.35 Recital Part 2: Brahms (S). 9.25 Words (Talk by Gerald Long). 9.30 Music in Our Time (S). 10.30 The Sound of Edwin Moon (S). 11.00 News. 11.05-11.15 Handel (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Fall of the Shah. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. Visits India. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Poetry Please! (S). 4.15 Agony in the 80s. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon delves into the BBC Sound Archives. 12.00 News.

FINANCIAL TIMES SURVEY

Friday March 19 1982

Office Property

The overall downturn in the market has led to the widening of the gap between the demand for top quality buildings on prime sites and floorspace less favourably placed. Adding to the uncertainty of the future is the likely effect of automation in the office.

CONTENTS

When a touch of class pays off

BY MICHAEL CASSELL, Property Correspondent

THE UK office market has clearly seen better times, although it appears to have escaped the worst effects of a recession which has not been so kind to other sectors of the commercial property world.

The service sector on which the office market is based has been hit last and least by the UK's economic problems but there is clear, countrywide evidence that demand for office space has declined and rental growth has, in real terms, been limited or non-existent.

The downturn has particularly affected the market for larger units of accommodation, with smaller space continuing to attract generally healthy levels of interest. Demand has tended to concentrate on prime, centrally located accommodation and the deepening recession has highlighted the growing performance gap which has emerged between this type of floorspace and the off-centre, poorer quality building which may readily find a tenant when the economy is buoyant.

The same can be said in terms of the differing performances of various regional office centres. While some, notably those in the south of the country, have managed to maintain a steady flow of development and letting activity, others further afield have effectively shown few signs of significant growth.

Although many regional centres may have been in the doldrums, there are at least signs that conditions are beginning to change. Few provincial centres found themselves with large oversupplies of office space when the recession arrived, so there will be a limited amount of accommodation to be soaked up before rents begin to reflect localised shortages and new development again becomes both necessary and economic.

Conviction grows

The process is already under way in some towns and while the short-term prospects for lettings and rentals may not appear very exciting, there is a growing conviction that an improvement in the economy could see a rapid end to the subdued climate which has characterised office markets around the country.

In value terms, the disparity in rental levels between different office centres remains very noticeable. Top prime rents in the City of London—where the impact of the recession has been minimal—are now around the £27 a sq ft mark and are expected to grow by an average of 7-10 per cent in the current year.

Highest tenant demand and rental growth outside London has come from those office centres spread out to the west of the capital. But having weathered the recession for the greater part of 1981, the Thames Valley is feeling finally the effects.

Letting activity in the region is continuing at a steady but slower rate and, as elsewhere, the best quality accommodation has shown the best performance. Asking rents in a location like Reading have now reached £14.25 but with an estimated 600,000 sq ft of office space either available or under construction, the short-term outlook for rental growth looks limited.

Reading represents one of a number of locations which can expect to continue to benefit from the incoming tide of overseas office occupiers and the apparent resurgence of a drift away from London on the part of owner-occupiers and tenants.

Rates issue

Although, contrary to fairly common belief, London as a whole still provides numerous potential opportunities for fresh office development, the likely level of future demand from occupiers wishing to locate in London itself can no longer be taken for granted. Office decentralisation has been a cyclical phenomenon for many years but changes in office technology and the emergence of increasingly suitable alternative locations promise to downgrade London's role as an office centre on a more permanent basis.

Above all, the rising costs of office accommodation in central London have forced increasing numbers of occupiers to re-examine the economics of their occupation policy and to consider whether the benefits of a presence in London justify what can be high additional expenses.

The issue has been brought to the forefront by the huge increases in rates levied by local authorities which have transformed a traditionally small element of overall occupation costs into a major overhead. There are clear signs that some of the inner London boroughs have woken up to the economic and political dangers of treating ratepayers as a bottomless pit of pound notes, although their moves to moderate rate increases this year are being thwarted by continuing heavy precepts from the Greater London Council and the Inner London Education Authority.

In the past, there has generally been enough growth from the London centre to balance any trend towards decentralisation, but there is now a chance that this might no longer be the case.

There are signs that locations on the western edges of London, such as Hillingdon, Hounslow, Ealing and Harrow, are not simply emerging as obvious overspill locations but as markets in their own right, offering all the advantages of close proximity to the capital and yet providing easy access to the region's other major centres.

The combination of cost-push factors and the growing difficulties involved in pursuing significant office schemes in London must be seen as a threat to some traditional locations which are not going to be helped by the "anti-office" approach adopted within the ruling GLC Labour group. The GLC has made clear its dislike of the development industry, although it has fairly quickly come to terms with the undeniable fact that office buildings as well as factories provide employment as well as a major source of local government income.

Muted attitude

In reality, the GLC's attitude towards office development has been far more muted than many people originally expected. But the additional uncertainty injected into an already complicated and protracted planning and development process by the presence of an authority with minimal goodwill is not likely to provide an atmosphere in which office development flourishes.

The growing pressures on occupants to look much more closely at alternative office locations coincides with a period in which fundamental changes in the nature of office employment are adding another perspective to accommodation policies.

Much has been made of the impact which office technology is likely to have on employment and while, in truth, no one is yet in a position to do anything more than guess the consequences, the effect on the type of office accommodation likely to be demanded by occupiers is already becoming very clear.

Partially encouraged by American customers, the developer is having to reconsider his traditional approach to the provision of office accommodation and, as a result, is blurring the distinction between office and industrial activities. The so-called "hi-tech" complex has become something of a trendy word in the development industry but—gimmicky as it might sound—it reflects the real need to provide a new generation of floorspace which can easily be adapted for office or manufacturing use and which offers the type of environment not normally associated with the industrial market.

The view of the investing institutions will be crucial in determining the shape of future office development and there are at least some grounds for concern over the amount and quality of research they are undertaking to try and determine the future requirements of the occupier.

A new formula will be required for the speculative office and it will not be sufficient simply to rely on location to provide a ready customer. Efficient use of space and energy will be vital prerequisites and already some glimpses of the future are emerging in the form of office schemes now being developed. Perhaps it is no coincidence that some of the most forward-looking projects have not emerged from the institutional developers but from the property companies which display a flair for the market which is not always readily apparent within many of the big funds.

OFFICE PROPERTY II

The big investors are ignoring current market sluggishness, looking always for prime quality space

Institutions still buying for the long term

Investment

MICHAEL CASSELL

THE WEAKENING performance of all sections of the commercial property market has not managed to deter the institutions from continuing to regard real estate as a primary investment option.

The investing funds, conditioned by the high performance of the property sector since the latter part of the 1970s, have shown little concern over what is widely assumed to be a temporary setback in a long-term market and have continued to invest at the same rates of return achieved throughout 1981.

According to the latest yield graph from Healey and Baker, the unexciting outlook has had no impact on underlying demand for prime property and the investment market for top-quality space has remained highly competitive, with demand oustripping supply.

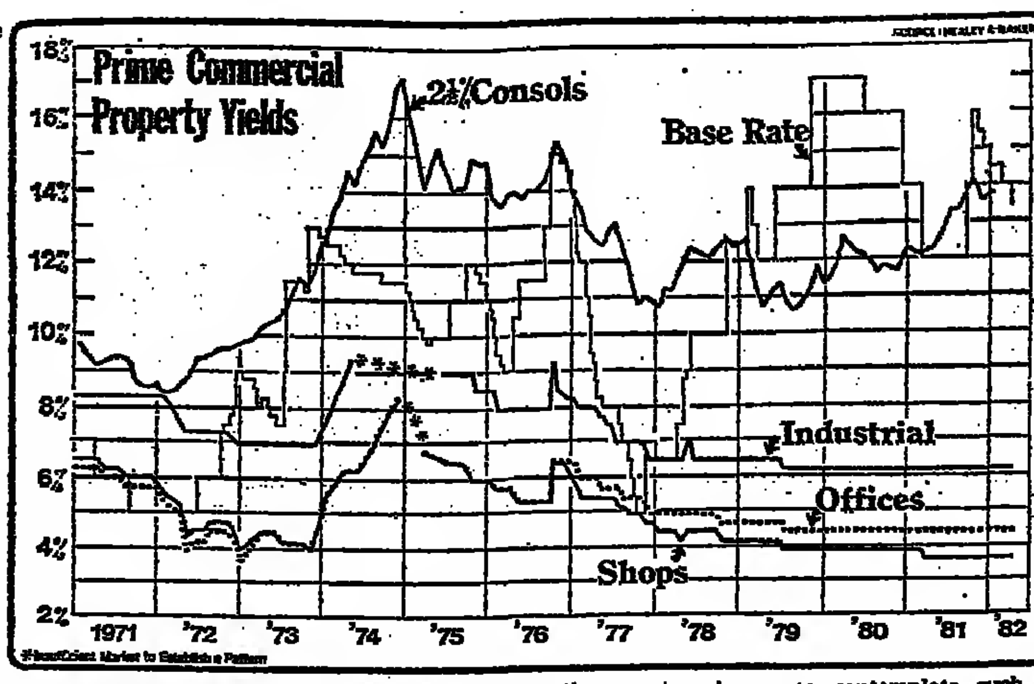
There is no doubt, however, that the investment market in offices has become increasingly more selective as the market-place has become decidedly more patchy and it is the secondary market which has suffered accordingly.

The opinion of agents like St Quintin is widely shared: "Although the volume of institutional money has been underpinning the market for prime property, the secondary property market has suffered, where yields have tended to be more in line with the general level of interest rates. The yield gap with gilts can only be justified by future rental growth, expectations for which may be less sanguine than hitherto."

In the words of Healey and Baker: "While the market continues to be highly competitive, with demand for high quality investments significantly exceeding the available supply, investors have become more analytical in their decisions as to what constitutes acceptable property and only those assets passing the most stringent tests can command the level of yields now being quoted on prime."

On the surface, office property prime yields (4½ per cent) certainly look expensive at present when compared with most other forms of investment but, in Healey and Baker's view, the case for purchases showing initial rates of return at such levels is established beyond all doubt and is only clouded by those "who fail to differentiate between 'prime' assets and those that do not truly possess the required attributes."

According to Healey and Baker, investors enjoyed — on top of initial yield — an average rental growth on prime offices of 8.3 per cent compound in 1981 against nearly 11 per cent for prime shops and 2.5 per cent on industrial investments. Inflation during the same period ran at about 12 per cent.



More importantly, however, a longer-term comparison shows that while the retail price index rose on average by 12.2 per cent annually over the past five years, the average rental growth for offices across the country was 13.9 per cent. There are inevitably variations in performance between the regions and even between various towns although, in the case of office property, the south eastern markets have materially outperformed the remainder of the country.

As Healey and Baker admits, were it not for the south east, the average rental growth for the office sector as a whole "would be depressing indeed." Throughout, London's West End and City markets have, by any standard, remained worthwhile performers.

But the institutions are fully aware that no one sector of the overall investment market can be expected to outperform continuously all others in perpetuity and this is clearly the case for property in the short-term.

If there is a general view that property is, for the time being, too expensive, then the investing funds are apparently happy to contemplate such a set of circumstances and yet maintain investment levels for a variety of reasons.

Among the major factors determining the institutions' acceptance of such relatively low returns is the large volume of uninvested money still overhanging the property investment market, a tide which is now likely to rise further given the impending release of investment restrictions on local authority pension funds and the failure to meet target percentages for property sector holdings.

As Richard Ellis recently pointed out, however, only a very small proportion of property is actually valued at the lowest yields, so that many of the purchases made by funds do carry rates above this level.

According to Ellis: "The range of properties acceptable to the institutions as prime investments also contracts during a recessionary period. It is interesting to reflect that the apparent lack of supply of 'acceptable prime properties' is partially self-inflicted by the institutions themselves.

"They are reluctant to equate yield against risk, which in itself serves only to highlight the apparent importance of prime against all else."

But the clearest impression to emerge from the present investment market is that the underlying confidence in property has not been dented by recent events.

For some time now, the role of the investing institution in property has been growing beyond the role of simple financier and into the realm of direct development. The mantle has sat more comfortably on some than on others and it is not always easy to see how the funds can reconcile their role as the careful custodians of huge volumes of other people's money with the need to provide an imaginative and innovative lead to the development industry.

Jones Lang Wootton are among those who point out that owner occupiers are nowadays looking very carefully at likely office requirements before taking development decisions and that similar far-sightedness on the part of the institutions will be vital if they are to keep in touch with the requirements of the marketplace.

There are signs that the more enlightened investors are already thinking along these lines and it will undoubtedly be these who maximise their investments in property over the longer-term. But although future investment in property may well have to become a more thoughtful affair—with previously successful formulas not necessarily guaranteeing future dividends—the sector as a whole should, as long as capital values keep up with inflation and portfolio incomes offer real, long-term returns, remain a leading choice for the investing institutions.

Developers find that only the best will be taken up

Pockets of buoyancy

Development

JEFFERY BROWN

OFFICE development is stuck firmly in low gear. The economy remains sluggish, depressing business activity and confidence and checking demand for new office accommodation. At the same time financing costs remain less than favourable to all but prime developments, despite the recent string of modest cuts in bank lending rates.

The service industries have proved less exposed than manufacturing industry to the chills of recession, but the sheer extent of the decline in overall business volume has none the less severely hlunted demand within the office-based sectors of the economy. Cuts in manpower, technological progress in shrinking demands for space and general belt-tightening by management have all combined to create a very flat demand curve for new offices.

There are of course pockets of buoyancy but the general trend of office rental growth has been hard put to keep in line with inflation over the past few years. Outside London, the Home Counties and selected parts of the West and Midlands, new office development has ground to a complete halt. MEPC claims to have begun to look at Manchester recently, but is doing so "with great caution."

The sluggishness of the domestic market has led most of the major development companies to seek work abroad. MEPC, Haslemere Estates and Laing Properties are all very busy outside the UK, with the main thrust of their foreign operations going into the U.S. and Australia. Something like a third of MEPC's current development portfolio is geared to foreign work.

At home, in contrast, the financial constraints have been far more severe. Rents and therefore revenue have been weak. On the costs side land prices have stayed remarkably firm, and interest rates have remained high, making the lending institutions—pension funds and insurance companies put up the bulk of development funds—look ever closer at their investment criteria.

A decade ago as much as 75 per cent of development funds would come from development company resources, mostly through borrowings. Today the percentage is probably under 50 per cent on average. A cross-section of new developments for offices in and around London suggests that property company equity input is down to almost 40 per cent with the institutions picking up the tab for the balance.

The low level of new development in this country has led to a significant rise in competition on site tendering. Prime sites offering a steady development return are rare enough to attract a very aggressive following from the major developers, notably for smaller sites. The freehold interest in Cavell House in St. Martin's Place, which was recently put up for sale by Westminster City, attracted no fewer than 29 bids.

Competitive bidding for development sites has begun to be reflected in instances of overheating, with some sites going under offer at prices which cannot subsequently be supported. A small development in Reading—a prime office development area at one end of the so-called "Golden Triangle" involving London and Croydon—eventually had to be sold a tenth or so down on its original bid price.

Still, despite the market place and financial constraints facing developers, it is equally clear that many property companies have their fingers crossed this year in the hope of a revival in development demand.

Although still high relative to the long-term graph, interest rates are now finally showing signs of moving in the right direction. The Budget, with its broadly neutral message, has at least begun to create a better working atmosphere. No one expects an instant miracle, but some of the more optimistic old-hands are now beginning to search for a turning point for the commercial property market.

Institutional demand for new office investment is being increasingly pent up, both by sluggish competitive investment forms as well as the slowness of new developments. If the Bank of England can keep up its recent good work and keep interest rates moving down, borrowing costs may yet get down to the level at which office property yields once again become universally attractive.

Tomorrow's call for mixed space

Split Functions

RAY MAUGHAN

WHAT HAPPENS when the industries of tomorrow in the West of London triangle and other pockets of high technology want mixed office and industrial space, when they insist on clean assembly space, training and maintenance facilities in an integrated building in or alongside sales and administration?

The answer, according to some estate agents, is that not very much is about to happen. Either such space is extremely hard to find or a split function would inhibit institutional development funding.

Mr Ronald Franks of Smith Melzack believes that high technology companies re-group under one roof and then fragment again as they continue their restless growth. Smith Melzack helped Wang (UK) to find a 16,000 sq ft site in Richmond, West London, which provided access and loading facilities at the rear of the building leading to a single storey industrial facility comprising about a third of the overall space.

Fast growth, however, meant that Wang has since been on the move again, taking 60,000 sq ft of office space in Hounslow for its "white-collar" functions and occupying a site in Paddington to take the service and maintenance for its West End customers.

Mr Franks finds it almost impossible to cite an example of a 50/50 split between office and light indnstrial usage.

Norman Rourke and Partners are more forthright. Mr Bryan Norman, senior partner, considers that Britain's archaic planning laws prohibit the institutional-backed development which would satisfy a growing requirement.

Taking Air Products' 184,000 sq ft management and engineering centre at Hersham, Surrey, as an example, Mr Norman calculates that a fund would be prepared to pay around £14m for the 69,000 sq ft office content, or about £10 per sq ft.

On the other hand, the agent feels that the balance of 115,000 sq ft of industrial space, built to the same specification and at the same construction cost as the office content, would be valued on a 7 per cent yield, implying a rent of some £4 per sq ft.

"Here we have a building where it is virtually impossible to distinguish the two parts but one part is four times the value of the other.

"I believe other organisations wishing to create similar employment centres are being fettered by archaic planning or land use definitions which have now existed virtually unchanged since 1947. We are repeatedly coming up against this typa of joint land use/funding problem and it is adversely affecting development by potential owner occupiers wishing to create similar job centres," he adds.

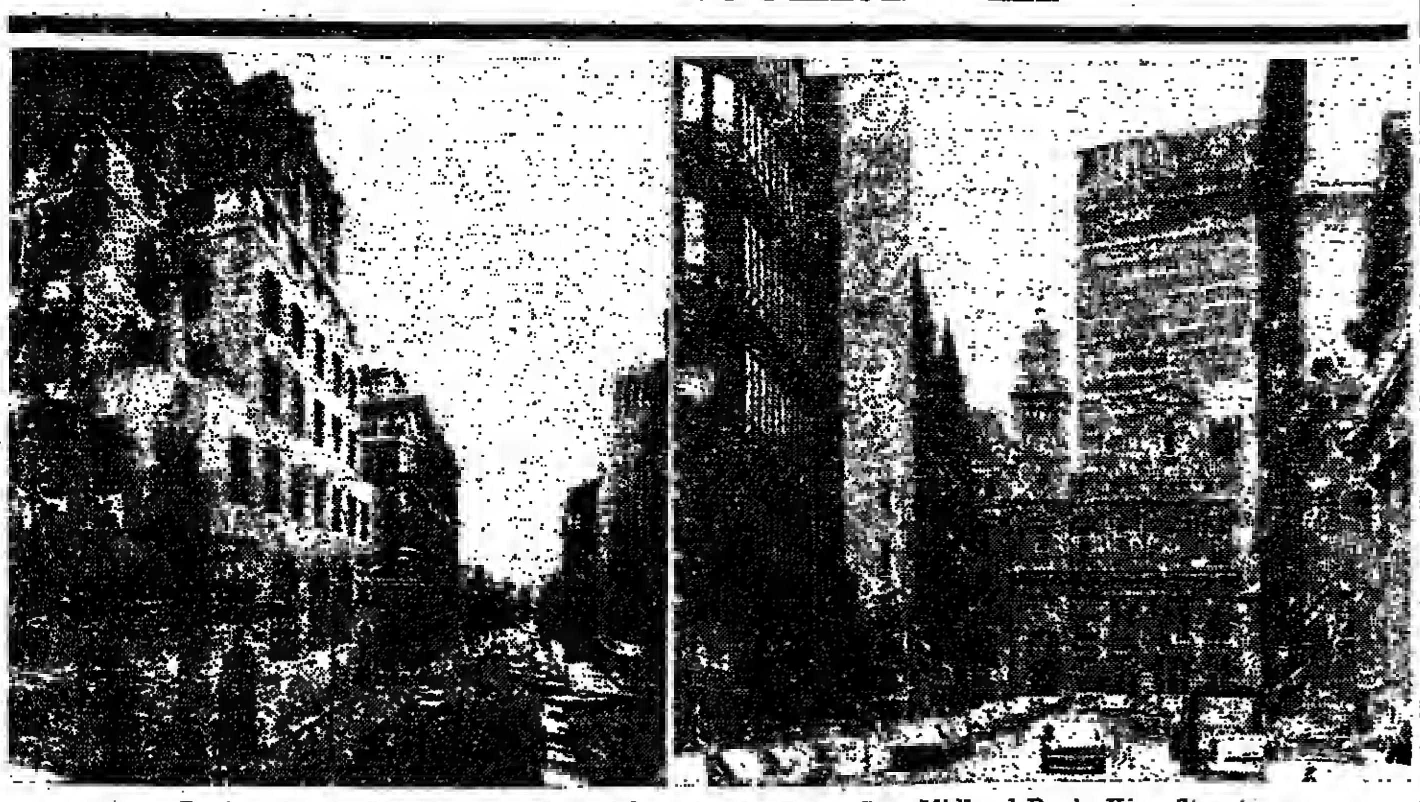
Where such centres do exist, such as Intec's 45,000 sq ft of office space and 35,000 sq ft warehouse at Park Royal, they almost invariably occur on industrial locations rather than office sites.

The reason, quite plainly, is that in a high density urban environment, industrial space is cheaper (by virtue of the differential values applied to industrial and commercial property) and even light assembly and warehousing creates too much traffic.

Agents are exhorting the funds to "pioneer a change in this field by recognising the real value of this type of scheme without waiting for alterations to town planning legislation."

Surely what industry wants industry will get, particularly if industry is fast-moving, international and with plenty of inducements to locate overseas rather than in the UK. Technology parks have become a buzzword for the development industry and office parks may well become another. Will "employment centres" follow?

OFFICE PROPERTY III



Restoration in Manchester's financial centre by Peter Cox: Midland Bank, King Street and (right) Barclays Bank

Specialist sector finds demand healthy

Refurbishment

WILLIAM COCHRANE

LAST DECEMBER'S construction forecasts by the National Economic Development Office presented a dismal picture. Only repairs and maintenance were on a generally rising trend since the start of the 1970s.

Even here, a downturn in output of 9 per cent was forecast for 1981 after a rise of 6 per cent in 1980 but, reading between the lines of the report, office refurbishment still showed prospects of contributing healthily to the statistics.

Adverse effects of the recession, said the report, "may be mitigated by requirements for higher standards of property maintenance by institutional freeholders. In the commercial sector," it went on, "renovation may defer or obliterate the need for some repair and maintenance work."

Leslie Andrews, commercial director of specialist contractors R. Mansell, concurs. "Office refurbishment," he says, "takes place in a cycle which comes round every 20 years. If you look at the City of London," he adds, "refurbishment is not hard to find; it may be more difficult to obtain, given the difficult times in civil engineering generally, with more people trying to muscle in on the refurbishment act."

Mr Andrews, like most of the other professionals involved in this area, points out however, that refurbishment is a specialist area. One of the biggest jobs Mansell has taken on recently was the Sun Alliance £1.2m contract for alterations and extensions to the company's office building at 27-32 King Street in London's Covent Garden.

Part of the building is listed internally as well as externally. "We are hanging the back end of the building on sky-hooks," says Mr Andrews—which means it has had to support most of the upper part of the rear wall while the lower part is rebuilt.

In the end, Mansell is happy to let the figures speak for themselves. The company's turnover has risen from £16m in 1979, through £21m, to £26m last year. Around 75 per cent of that turnover, estimates Mr Andrews, is in refurbishment work.

Mike Warner, an associate in the building consultancy department of agents Richard Ellis, agrees that when a building is 20 years old it is a fair point to start thinking of refurbishment. That certainly applies now, he reckons, due to the low quality of some of the work in the 1950s and 1960s.

Ellis emphasises that refurbishment is an option. "The real expertise comes in," says partner Alan Forbes, "when you have to cost the options in building terms." Timing is one of the essential considerations, for faster completion means earlier rents.

He also notes that electronics are blurring the difference between the office and the industrial user, so that some microchip industries are getting up to a 50:50 split between office and industrial accommodation in their "factories"—which offers a faint ray of hope in an otherwise clearly oversupplied sector.

David Gaunt of Hunter and Partners, a Knightsbridge practice which does virtually nothing but refurbishment — office, industrial and residential — divides office jobs into categories. The first, arguably redevelopment rather than refurbishment in the generally accepted sense of the word, is where there is a listed façade, or one which the local authority is particularly keen on retaining, and a totally modern, new building is constructed within an old shell.

Second comes what Mr Gaunt describes as "very comprehensive commercial refurbishment." As an example, he points to a property at 15-17 Knightsbridge in London's West End. Here, Hunter have kept the façade and retained the principal listed rooms on the ground, first and second floors; but they have completely redeveloped the rear with new, modern office space. The result, for a cost of £2m, is 30,000 sq ft of office space combining elegance with utility instead of what was—"a grade II listed pair of derelict buildings," as Mr Gaunt puts it.

At 21 Grosvenor Place, SW1, meanwhile, Hunter have been working on a £1.2m job for Iron Trades Mutual Assurance. The 60,000 sq ft building, erected in the 1920s, overlooks the grounds of Buckingham Palace.

Hunter note that since the various specialist trades concerned in this sort of project are doing a general refit rather than pulling the building apart, it is possible for the occupants to remain while refurbishment carries on on a floor-by-floor basis.

Iron Trades Mutual is an owner-occupier, however. It has been noted by some observers that, where tenants are involved, commercial office refurbishment tends to take place at the end of a lease, when the tenant may have decided to move out for reasons of space requirements, or simple economics.

Hunter's Mr Gaunt says that this is not necessarily so. There are, he says, still a lot of tenants on very long leases which are both uncomfortable and uneconomic for the landlord. Rather than go back on the market for new space, the tenants here could decide to do a compromise deal with the freeholder—who might be able to pay for the refurbishment, raise his rents from uneconomic levels and yet still give the occupiers what they want at something below market rents.

Back at Richard Ellis, Alan Forbes and Mike Warner demonstrate how, with refurbishment, two and two can sometimes add up to more than four. Gateway House, at Cannon Street in the City of London, was built in the late 1950s when car parking was considered essential by the authorities. By 1973, when a major refurbishment was undertaken, the policy had been totally reversed and the planners "readily agreed" to the basement car park being used for other office purposes.

In addition, the owner of any building built before January 1 1948 has the right to compensation if the planning authority refuses consent to extend a building by 10 per cent of its cubic capacity, or ten per cent of its area. "As local authorities are reluctant to pay compensation," say Ellis, "the effect of this legislation is to increase substantially the chances of gaining consent to an increase in the size of a building, notwithstanding the fact that the plot ratio may well be infringed."

Demand is expected for property that can adapt easily to the latest equipment

Hoping for a boost from automation

Office Technology

JASON CRISP

INFORMATION technology will bring a revolution to the office say the gushing enthusiasts for the technologies available because of microelectronics. Some of the more fanciful ideas on the impact information technology will have on how people work are enough to give anyone with an investment in office property a nightmare.

One vision is that employees will only occasionally need to visit their offices. Each person will have a small computer at home which can be linked with larger office computers. A camera and television screen will allow video-calls for meetings and conferences. Their telephone can be linked to the company's private automatic branch exchange to give the impression someone is answering from an ordinary office.

An office equipped for automation

Companies will be able to save on office space and employees will be able to save travelling cost and time. While energy costs, space costs and labour costs continue to rise computer technology becomes cheaper and cheaper.

Information technology is the gradual convergence of telecommunications, dataprocessing and office equipment. Theoretically it may mean fewer people performing tasks in the office and away from centralised expensive offices.

In practice few consultants who have looked closely at the impact of new technology in the office believe this will happen to any great extent in the near future. The occasions when people will use terminals at home for work are limited.

There are a number of companies experimenting with portable terminals for sales staff. At the end of the day—or even sometimes at a customer's office—the salesman dials his company's computer on an ordinary telephone line and links his small portable terminal via an acoustic coupler. The salesman can find out stock position and lead times of products and enter the day's orders. At the same time any messages for his company can be transmitted to him.

Senior managers may wish to use a terminal at home or at an hotel, either for receiving financial information or messages. Debenhams, the department store group, has set up a private viewdata system. On Sunday nights the directors at home can receive detailed information on the previous week's sales throughout the group, can analyse it in a number of ways, on an adapted television set connected to a computer via the telephone.

If home computers for business use are only used by salesman, senior directors and a small number of women who would probably not be working otherwise, there is little threat of a massive change in office population argue observers.

Some argue that new technology will lead to a bigger demand for office space because of the greater amount of equipment. Companies may need more people to operate and look after the equipment.

Investment in office equipment to date is minute compared with investment in manufacture or agriculture. In 1978 the average investment for each worker in the office was $2,000 compared with $35,000 per worker in manufacturing industry, according to an international study.

A host of companies believe the office is ripe for automation. At the moment the competition is so great it looks like the beginning of a marathon race with hundreds of competitors jostling to break away from the crowd. It includes a wide range of companies including computer manufacturers like IBM, office equipment manufacturers like Xerox, telecommunications companies like LM Ericsson, diversifying oil companies like Exxon and a host of tiny, technologically innovative and entrepreneurial companies.

But most offices are not well suited to the new technology.

Frank Duffy of Duffy, Eley, Giffone Worthington, one of the leading firms of architects looking at the impact of office automation notes: "In two to three years time wiring will become a spectacular problem. Most buildings are totally unable to cope."

Few buildings have suitable ducts built into the floor to carry cable, although a fairly common solution is to install false floors. There is also the problem of the vertical routing of cables. Ironically there may be less of a problem in older buildings because higher ceilings leave more room for a false floor and the more solid structures may make it easier to make holes in walls and floors for cabling.

One architect said that buildings which have been adapted for easy installation of sophisticated communications and office automation will be at a premium. Companies will be loath to occupy a building where it will be a problem.

OFFICE PROPERTY IV

Council sticks to policy of 'preferred locations'

Controls less rigid than expected

IN TERMS of its office planning policy the Greater London Council's bark has turned out to be much worse than its bite. Despite its general dislike of major speculative office developments the Left-wing council has so far approved more office schemes than it has rejected.

Figures produced by the council's officers show in the first 10 months of office the local authority approved 56 office schemes comprising just over 4m sq ft. Over the same period the council opposed 19 schemes totalling 3.1m sq ft. Almost 1m sq ft of this, however was in a single office scheme—Greycoat Commercial Estates proposed development for Coin Street, on the south bank of the Thames—which has now gone to a public inquiry.

But last May developers were far from sanguine about prospects for office building in London following a Socialist victory in the GLC elections. Their worst fears appeared to have been confirmed by bold policy statements from the council's planning committee such as: "London needs a massive increase in office planning permissions about as much as it needs a Thames flood" and that there is no room for "grandiose speculative development in a Socialist London."

On the Stock Exchange property shares rose rapidly, if briefly, as it appeared that stiff development curbs might result in a shortage of good quality office accommodation, thereby forcing up rents and capital values of existing buildings. Labour councillors say, however, that their aim to give priority to schemes which would stimulate industrial jobs, housing or provide other community gains has been misrepresented as an anti-office policy.

In the event the council's office policy has had, with one or two well-publicised exceptions, only a limited impact on office development plans. Moreover, developers, determined to try to find a way through the GLC net, can always appeal to Mr Michael Heseltine, Environment Secretary, the final arbiter in planning matters.

Under planning legislation an appeal by a developer to the Environment Secretary automatically triggers a public inquiry. Several such public inquiries have been held or are taking place into major and controversial office developments planned for the south bank. Mr Heseltine, however, takes a keen interest in riverside development schemes for London. It is arguable that the Secretary of State may have called in some of these schemes anyway — irrespective of opposition from the GLC.

Mr Heseltine recently decided to call-in development proposals for the historic Billingsgate site on the north bank, even though

Planning and the GLC

ANDREW TAYLOR

plans had still to be considered by the GLC.

The council's office policy allows room for a fair degree of flexibility. It says it has no general opposition to developments in "preferred office locations" as designated by the Greater London District Plan. It has suggested to London boroughs, however, that they may like to reconsider the designation of some preferred locations.

The council does not rule out the possibility of office schemes taking place outside the designated preferred locations provided these schemes produce sufficient community gain. This may include some generation of industrial jobs, provision of housing or some other community benefit such as the provision of transport facilities.

The stated policy gives the council a fair degree of licence to approve or reject schemes as it sees fit.

Figures produced by GLC officers show that by the end of February the council had approved nine office schemes in the City, totalling more than 500,000 sq ft.

A similar picture has emerged in the Borough of Westminster — which includes the West End office market. Here the council has approved 678,000 sq ft of offices. It has opposed one scheme, a 207,000 sq ft development at St George's Hospital, Hyde Park.

The official reason for opposing the St George's scheme was that the site was not included as a preferred office location. It seems unlikely, however, that a Labour council would have accepted a commercial development on a former National Health Hospital site irrespective of its location. In this case the council decided to ignore the advice of its officers.

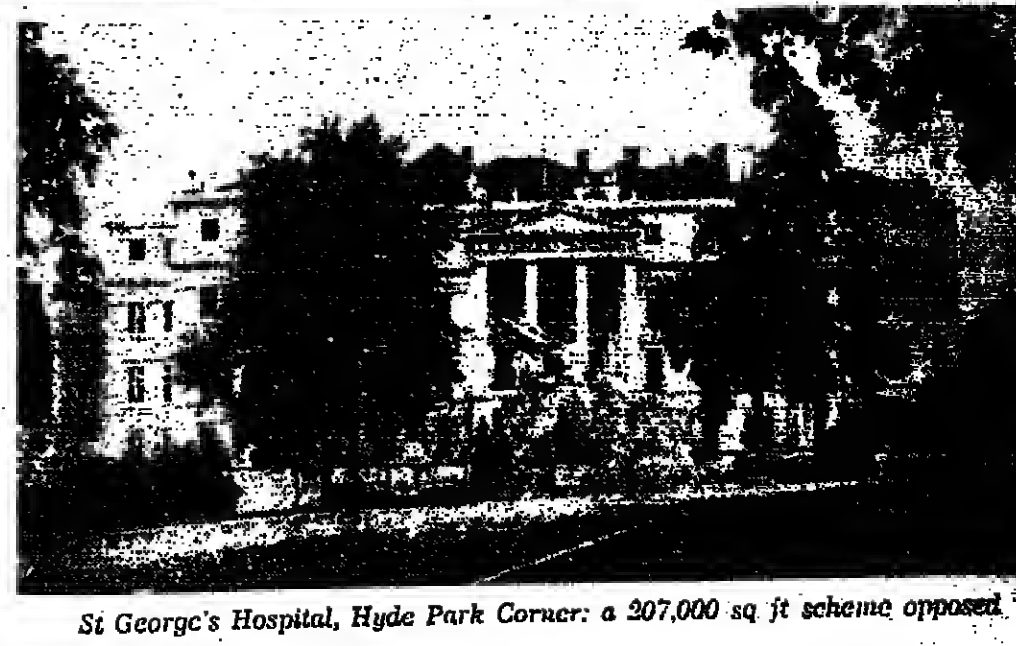
Issues like St George's, Coin Street and others have tended to overshadow planning issues in London but these cannot be taken as a clear guide of the council's intentions towards office development.

In the City and West End the local authority appears to have taken the view that as these locations are unsuitable for industrial jobs it has no reason to consider most schemes other than on their individual merits. Residential accommodation in these areas is also unlikely to figure highly in GLC priorities.

A slightly different picture emerges in some of the inner London boroughs where the GLC says the need for industrial jobs and for housing is greatest. But even in these areas the council has not introduced a blanket ban on all office development schemes.

In north Southwark three office schemes totalling 158,000 sq ft had been approved by the end of last month. Against this another three schemes totalling 600,000 sq ft have been rejected. This includes about 400,000 of office conversion proposed for the ill-fated King's Reach hotel complex—the office proposal is opposed by both Conservative and Labour councillors.

In Lambeth, the GLC has approved 132,000 sq ft of office space in the Brixton area. On the other hand, it has opposed more than 1m sq ft of developments, most of which is taken up by the development plans for Coin Street by Greycoat Commercial.



St George's Hospital, Hyde Park Corner: a 207,000 sq ft scheme opposed

In the planning maze

THE Department of the Environment has been able to show recently that its response time to planning appeals has fallen appreciably, by 30 per cent to a record 17 weeks for deciding written representations. At the same time, however, the fate of several major schemes still seems to drag on in interminable debate.

With delays on such schemes remaining a problem, the attempt by Mr Michael Heseltine, the Environment Minister to speed up the planning decision process on an important South Bank site has been welcomed by developers and, among others, the Confederation of British Industry. Equally, it has roused almost unanimous opposition from the planners and local authorities.

The point now is whether the Government can reconcile these views or, indeed, whether it needs to. Will the element of architectural competition it plans to bring into this new initiative produce schemes to please and even excite their users?

The test case is the 12-acre Arunbridge scheme on the South Bank of Vauxhall Bridge. Arunbridge, a Kuwaiti-backed development project group headed by Mr Ronald Lyon has assembled three individual sites, two of which had already run into considerable planning controversy, on which it hopes to build offices, and some residential and leisure facilities, at a cost thought to range between £75m and £90m.

The land comprises the Esso site, on which proposals to build the 500 ft high Green Giant office block were turned down by Mr Heseltine himself after considerable Parliamentary debate two years ago. Another component is the Nine Elms cold store building, let from British Rail while the third element is the "Effra" site on which a planning inquiry was held last year. A decision on that inquiry is now awaited.

In announcing his decision to hold an architectural competition last November, Mr Heseltine let it be known that should a design of proven merit emerge a special development order would be laid before Parliament.

There is nothing staggeringly new about either special development orders (SDOs) or

Appeals and competitions

RAY MAUGHAN

architectural competitions. Such contests were used to decide the shape of the House of Commons in the middle of last century. And last December, Mr Heseltine announced a competition for a very central site in London—a 24,000 sq ft plot of land lying vacant next to the National Gallery in Trafalgar Square. The idea is to provide new galleries which will be financed by private development on the lower floors. As such, the scheme would be the first time that planning gain has been used to the advantage of a major public institution in London.

SDOs, too, have been in existence for some time and the principle was last used for the Windscale inquiry four years ago. But Arunbridge is the only occasion where such an order is being contemplated for a major, inner city commercial development.

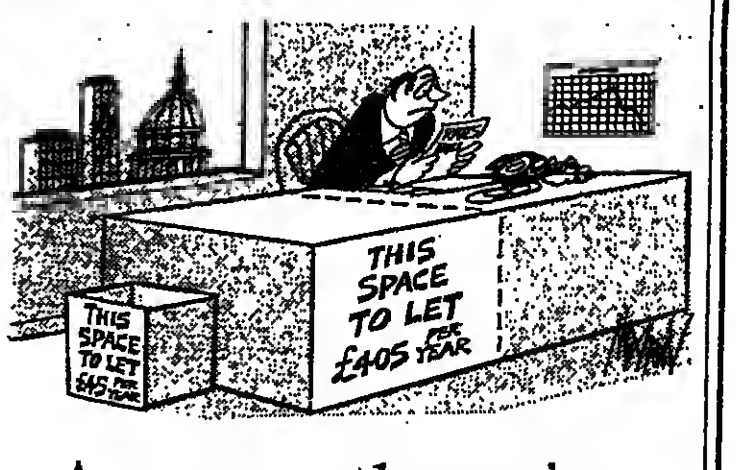
In an attempt to discover what backing the introduction of SDOs linked with competition would receive Mr Heseltine issued a consultative paper to some 30 interested parties last June.

The competition for the South Bank site will be run by a team of assessors. The idea was that the RIBA would put up two assessors, Arunbridge would nominate another and the local authority, Lambeth Council, in this case, would name the fourth.

Lambeth however, objected strongly from the start. Again, its response should have been predicted since the council had made its view quite firmly in the SDO consultative document. The authority declined to nominate its own assessor and the competition was left without benefit of essential town planning expertise and detailed knowledge of the council's plans for the surrounding area.

Eight firms have been short-listed and their designs are due to be publicly exhibited next month.

Some of the leading developers, under the aegis of the British Property Federation, have twice discussed the principles of architectural competition, backed up where required by parliamentary order, with the Minister. For the moment, however, the industry is watching events on the south side of Vauxhall Bridge with particular care.



Are you throwing money in the bin?

IF YOU are sitting at a desk in the City of London reading this paper glance down at your wastepaper bin. Just to keep that bin on the floor could be costing you £45 a year. And that's before you have coughed up your insurance premiums to cover it against theft or paid the security man to watch it when you are in bed having nightmares about office expenses.

Then there is the cost of the light you switched on to find that important scrap of paper you threw in there by mistake

Costs

TERRY GARRETT

and the radiator you turned on to keep your bin nice and cosy. It's enough to make you want to throw that very expensive bit of tin out of the window. But that's the annual cost of 1 sq ft of office space in the City: rent £26, rates £14 and service charges £5.

Now get out the calculator and work out how much floor space you are taking up, remembering to add in your share of the corridors and the executive "loo" and you can see why so many industrialists feel they no longer have to compete against the financial sector for City accommodation.

For the occupier the annual rate demand is becoming one of the biggest headaches. With rents the cost is fixed, at least until the next rent review. But rates can be, and usually are, increased every year.

London agents Debenham Tewson and Chinnocks produce an annual office rent and rates review based on a survey of prime property in 26 centres throughout the country. For the year just ending the Debenham men estimate that the annual rate burden has increased on average by 22 per cent. A pretty high figure, though below the particularly heavy 27 per cent increase for 1980-81. Over the past three years rate increases have outpaced inflation by about 25 per cent.

Clearly there is considerable variations between local authorities. Debenham calculates that the differentials in rate increases have been consistently widening during the 1970s and in 1981-82 the variation reached a peak. In Hull, for example, there was a small decline in the rate charge last year while some authorities put in rate bills higher by up to 40 per cent.

Figures compiled by the Chartered Institute of Public Finance and Accountancy show that the average rate increase throughout the country was 17 per cent. The imbalance between regions can be aptly demonstrated by the Institute's breakdown. Inner London rates rose by 33 per cent for 1981-82, outer London by 26 per cent and the Metropolitan area by 24 per cent. The rate rises in the "shire" counties tended to be far less. The Institute's figures show that the English "shires" rose by 11 per cent and the Welsh ones by 14 per cent.

Outside London the two major centres in Scotland, Edinburgh and Glasgow, put a hard burden on their ratepayers. Edinburgh increased its rates by 42 per cent while Glasgow put them up by 38 per cent. Sheffield was another area where rates rose dramatically this year—an increase of 36 per cent.

Taking in rent increases as well as rates the costs of office accommodation in Sheffield during the nine years that Debenham has been producing its review have increased, in percentage terms, by more than any other centre—a near fourfold increase. Still, Sheffield is a far cheaper place to "set up shop" than the City. In Sheffield that waste bin is probably costing less than £8 a year to sit there.

OFFICE PROPERTY V

Articles here and on the following page review trends in London and the main regional centres

Inner core remains strong

City of London

ANDREW TAYLOR

IN MEDICAL terminology the City of London office market might be said to be suffering from little more than a recessionary chill. Nothing serious to worry about: vital life signs are reasonably strong and healthy and, given time, there is no reason why the market should not enjoy a full recovery.

In general the sector is suffering from lower tenant demand for floorspace at a time when a number of major new office schemes, mostly on the City fringes, are poised to come on to the market.

During 1981, rents are estimated to have risen on average by between 7 and 10 per cent, somewhat less than the rise in inflation last year. However different parts of the City performed substantially better than others.

According to Richard Ellis, estate agents and chartered surveyors, the highest rental increases occurred in the central banking and financial districts. Rents in the City's inner core are estimated to have risen on average by 10 per cent, with rents for the best located prime buildings rising by as much as 15 per cent.

Rents in the inner core have been underpinned by the continuing high demands for space made by British and overseas banking and financial operations, with new development in this part of the City seriously proscribed by a marked shortage of available sites.

Chris Peacock of agents Jones Lang Wootton says: "The shortage of top quality centrally located space is as severe as ever, despite the overall weakening of the market. To my knowledge there is not one single upper floor in excess of 5,000 sq ft in modern tower block, *actually on the central market.*"

Rents for top quality office suites in the banking district are now averaging £23 to £26 a sq ft with top prices having reached £27 a sq ft. For specialist units rents are higher and for banking hall accommodation rents have already breached £30 a sq ft and seem likely to rise further.

During 1981 demand from overseas banks for representative offices has remained at high levels, but recently there have been signs that some well-established American banks with headquarters on the City fringes may be considering decentralising some of their operations.

Chemical Bank, for example, *recently announced that it will* be moving some of its operations to Cardiff. The American bank has its London headquarters at Arundel Great Court, at the Aldwych. It has now agreed to take all 56,500 sq ft in Trafalgar House's new office development at 5 Fitzalan Place, Cardiff.

The bank's decision to decentralise is seen primarily as a response to the higher cost of rents, rates and wages in central London. Rents for the Cardiff office block for example are understood to be around £5 a sq ft—well below the cost of similar accommodation in central London.

However, Debenham Tewson and Chinnocks, the agents which, with Walker Son and Packman, handled the Cardiff letting, do not believe that Chemical Bank's move is a reflection of lower demand emerging for offices in the main banking and financial districts.

On the contrary, the agents believe that space shortages have forced *expanding overseas* banks to look further afield. Previously this has meant moves away from the centre to the City fringes, mainly in a westerly direction.

Certainly the pattern of rent increases throughout the City has varied considerably during *the past 12 months. According* to Richard Ellis the lowest City rental growth occurred in the north eastern fringes where space surpluses generally kept annual increases from rising above an average 2 per cent in 1981.

Rental values to the west of St Paul's Cathedral appear to have struggled to achieve rent increase in 1981 much above an average 5½ per cent.

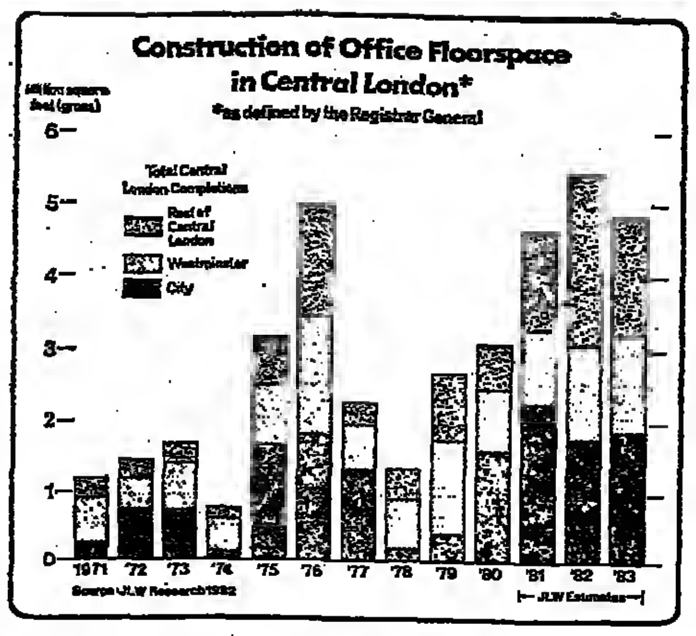
Richard Ellis in its recent report on the City office market says that the recession has inevitably reduced take-up of offices throughout the City generally. Last year total take-up fell by around 18 per cent to 2.3m sq ft—40 per cent lower than the take up of 3.7m sq ft during 1977-78. Nonetheless take-up last year was still comfortably above the 1.4m sq ft levels achieved in both 1974 and *in 1975.*

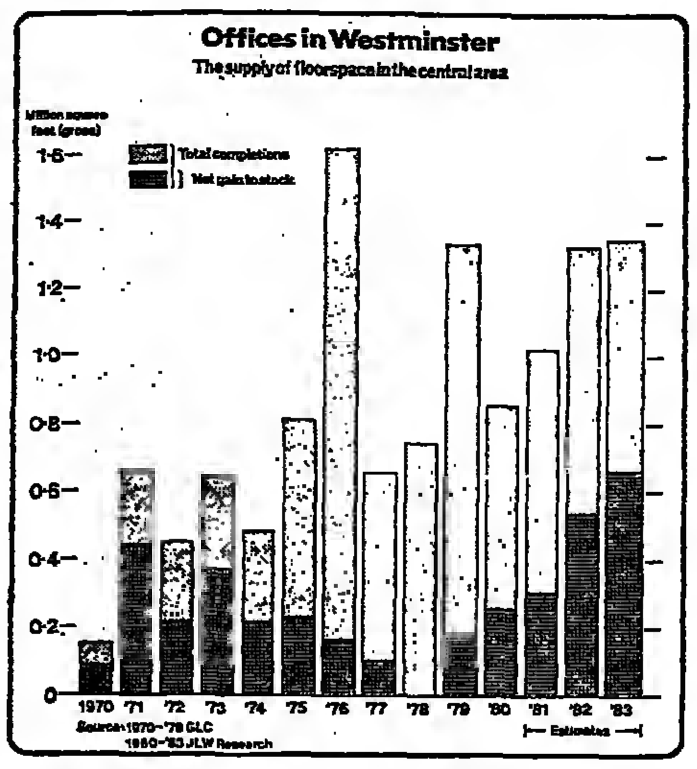
Ellis says that demand has reduced as a number of major schemes have come onto the market. The agents estimate *that new office supply last year* was in the order of 3.3m sq ft compared with 3.7m sq ft. As a result there was a surplus of about 1m sq ft throughout the whole of the City office market in 1981.

The oversupply was more evidence for units above 10,000 sq ft and mainly affected areas outside the central banking and financial areas. Given the level of new schemes still to come on stream the agents estimate that there will be a further surplus of accommodation—possibly of 500,000 sq ft—on the market in 1982. By 1983 a more healthy balance between supply and demand is expected.

Chris Peacock of Jones Lang Wootton has stressed the resilience of the City market during the past 12 months. He says that bearing in mind the general state of the economy the City office market has shown itself to be basically very strong.

It is a view, with which it is very hard to disagree.





Underlying tone seen as firm

West End

RAY MAUGHAN

NO MATTER how the overall economy performs this year in response to the Chancellor's Budget promptings, in the property sector in particular, the West End office market is expected to remain quite firm.

In a recent property market survey, St Quintin notes that rapid rental growth has occurred for prime locations *such as Pall Mall,* the fringe areas of Mayfair and now Covent Garden.

Looking particularly at air-conditioned premises, another estate agent, Leslie Lintott and Associates, notes that the amount of space available in the West End area has remained "fairly consistent since July of last year at around the million sq ft level although during that period approximately 541,000 sq ft have been let."

The firm's analysis of asking rentals on a three month rolling average basis shows that the average has risen from £16.04 per sq ft to £19.71 per sq ft between January 1981 and the beginning of this year.

In St James's, agents Weatherall Green and Smith recently had the rare distinction of selling two freehold premises within the space of a few months. Hard-hit industrial giant, Tube Investments quit its prestige headquarters at Bridgewater House, Cleveland Row. The buyer paid about £10m for 58,000 sq ft. The same client purchased the 36,000 sq ft offices of the Junior Cavalry Club for some £9m.

Completely new schemes, the agents say, are also a rarity but Land Securities Investment Trust and Ladbroke's property subsidiary, London and Leeds, can draw some encouragement from recent lettings in Piccadilly. Each company is refurbishing in the area—Land Securities at its flagship Devonshire House, and London and Leeds behind a listed facade overlooking Green Park—and will take comfort from the letting of Calder House in Piccadilly to five tenants. Refurbished and air-conditioned, the property achieved average rents of £24.50 per sq ft and that is understood to include rents approaching £30 per sq ft.

Victoria remains extremely active as a home for several Government departments and an increasing number of oil companies. Some nationalised industries are moving out, however, not least the British Steel Corporation, which is to move its service people to Croydon and its policy-makers to the old Decca headquarters on the Albert Embankment.

BSC is moving from its headquarters in Grosvenor Place where the passing rent is said to be about £4 per sq ft. Weatherall says a rental figure equating to just under £15.60 per sq ft is being quoted and the lease expires in December 2011. The British Airport Authority plans to move to Gatwick Airport and its headquarters building at Buckingham Gate will come on to the market in the middle of the year. Chesterfield Properties has acquired the lease and intends to build a 100,000-sq-ft office block on the site.

BA's staff are also going to Heathrow and leaving their premises in Buckingham Palace Road. BA and the National Bus Company are planning to sell their joint interest in the 54,000-sq-ft site next to the Victoria coach station and are understood to want £12m for the freehold and long leasehold of the combined property.

FOREIGN BANKS WITH OFFICES IN LONDON

These approximate figures indicate broadly the movement of foreign banks in and out of London, on an annual basis

	American			Europe			Japanese			Others			Summary		
	Total	Out	In	Total	Out	In	Total	Out	In	Total	Out	In	Total	Out	In
1974	61	1	9	91	—	15	23	—	2	79	—	6	254	1	32
1975	58	3	—	90	6	5	23	—	—	86	2	9	257	11	14
1976	57	3	2	97	2	9	23	—	—	103	—	17	280	5	28
1977	64	—	7	103	2	8	24	—	1	115	—	12	306	3	28
1978	68	1	5	110	1	8	25	—	—	129	2	16	331	4	29
1979	72	2	6	123	1	14	25	—	—	137	3	11	356	6	31
1980	71	2	1	141	3	21	25	—	—	147	3	13	384	7	35
1981	73	1	3	148	2	9	25	—	—	154	5	12	400	8	24
1960-81		13	78		17	138		—	16		15	139		44	371

Source: *Noel Alexander Associates.*

Timely revival as big projects line up

Birmingham

ARTHUR SMITH

DEVELOPERS ARE beginning to show renewed interest in Birmingham's prime office centre as rents continue to nudge upwards. The £7 a sq ft mark has already been broken in the area favoured by the financial community bounded roughly by Waterloo Street, and Colmore Row.

A key test of the market will be St Philips House; a 24,000 sq ft office development includes a 3,000 sq ft banking hall for which agents Shipway Doble are thought to be seeking a rent of over £8 a sq ft.

Recession brought an obvious slowdown in development but if anything there is a shortage of large modern accommodation. But the position could change drastically. Tarmac Properties is starting construction this month of a 120,000 sq ft development and a handful of other large projects could begin this year or next.

The next big new building due for completion is Berwick House, a 59,000 sq ft development by Ulster Properties on the corner of Great Charles Street and Livery Street. Although just outside the prime financial area, a rent of around £6.50 a sq ft is likely to be sought.

A similar rent is expected to be achieved for Civic House, an 80,000 sq ft project by Norwich Union at the corner of Great Charles Street and Summer Row due for completion about this time next year.

Tarmac, whose development on the former Post Office sorting site in Victoria Square is due for completion in autumn 1984, can be expected to be seeking a rent approaching £8 a sq ft. On the fringe of the prime area the £14m project will nevertheless mark completion of the development of Victoria Square, an important city landmark.

Birmingham City Council attracted attention by taking the initiative in bringing onto the market a prime site near to the Bank of England and bounded by Needless Alley, Cannon Passage and Cannon Street.

The local authority, which owns the majority of the site in conjunction with Land Securities, has drawn up a planning brief for some retail development and around 60,000 sq ft of offices.

Mr Ron Shuck, chairman and chief executive of Espley-Tyas, hopes to begin work by the autumn on providing around 86,000 sq ft of character offices in Newhall Street.

Another project on which action is expected this year is the much discussed development of the old Snow Hill Station site owned 80 per cent by the British Rail Property Board with the balance held by Birmingham City Council.

Rank City Wall is ready to go when the time is considered right for a 120,000 sq ft project near to New Street Station. Advance tenants are being sought for Compass House, a 17-storey office block with an adjoining smaller development.

Heron Corporation won the tender put out by Birmingham City Council for a scheme to complete the Paradise Circus development. About 98,000 sq ft of offices are included in the first phase of the project which will eventually provide double that amount of commercial accommodation in addition to a 200-bedroom hotel, shops, leisure and conference facilities.

Secondary sites within the inner ring road have fared less well and around 130,000 sq ft of fairly modern accommodation is available. Rents will clearly vary according to the age, accessibility and size of the offices but range from £2 per sq ft for 1960s blocks to perhaps £3.50 for newer property.

Prime sites prove more resilient to recession than many fringe areas

Setback to growth rate

A DEEP and lasting recession bas inevitably hit the level of *tenant demand* in virtually all sectors of the market. Negotiations are becoming tougher and more protracted as a reduction in demand coupled with a modest increase in available accommodation has lead to a position of oversupply in many regions. As a result, rental growth in most areas has either ceased or slowed to a level below the rate of inflation. It is hard to imagine that the trend will improve during the coming year.

Even the City of London—one of the most resilient of office markets—suffered from a slowdown in the level of demand, an increasing amount of surplus property and sluggish rental growth in all but the very centre. Still, against other areas London is looking relatively healthy.

In the City, office rents have risen by between 7 and 10 per cent on average against an increase in 1980 of over 10 per cent. Not surprisingly the biggest increases were recorded in the inner core—the prime area occupied by the financial sector. The banks in particular seem to have insatiable appetites for accommodation. This demand stems from an expansion of the international operations of the UK domestic banks and a steady flow of overseas bankers coming to the UK. Such demand has ensured that there is an almost continuous shortage of prime office space and therefore it is these areas which have recorded the highest rental growth figures. Increases of 10 per cent during 1981 were commonplace while gains of up to 15 per cent for prime locations have been achieved.

In top notch locations, good air-conditioned office space can go for £27 a sq ft and tenants for accommodation with an asking rent of between £25 and £26 can be found without too much difficulty. In rather special circumstances rents of up to £50 a sq ft have been rumoured—but these, if they have actually been struck, are deals where the tenant is interested solely in location regardless of cost.

Rents

TERRY GARRETT

But it has not been all sweetness and light in London. For example areas to the west of St Paul's Cathedral have only achieved rental growth of around 6 per cent over the last 12 months while the north-east fringe markets have hardly budged—rents are perhaps a couple of percentage points higher.

It is the fringe areas where there is most cause for concern. Some of the buildings which have recently been completed in the fringe regions are evidently finding some difficulty in attracting good occupiers. The position of these area could detiorate before its gets better while some of the rents that developers are currently asking may need to be down-graded before they move much space.

And this year? London office rents should keep moving ahead but the growth rate is unlikely to be any better than that achieved during 1981. Overall rents would rise between seven and ten per cent again with the really prime areas rising by up to, say, 15 per cent. With £27 a sq ft now an established benchmark for a prime City site the end of 1982 could well see £30 becoming the norm. That figure has already been achieved in a very few lettings but because of the psychological barrier rentals may have a hard time struggling much above £30.

Still, agents Richard Ellis are confident of their projection that office rents will reach £40 to £45 a sq ft by 1985. And if prime City accommodation can keep moving ahead by 15 per cent a year they might well be proved right.

Outside the City of London the office market is open to wide regional variations. Local rent levels are determined by short-term supply and demand equations rather than any wider economic "state of the nation" type considerations. Clearly supply is influenced by wider factors but in some towns rents have seen considerable growth over the last couple of years solely because of a lack of new development rather than any underlying surge in demand.

Bristol's history provides a classic example. Throughout the Sixties and early Seventies rental levels were showing fairly steady growth. But as companies increasingly decentralised away from London, Bristol became an increasingly favoured area. From about £1.50 a sq ft in 1973 rents shot up to well over £3 in 1974. But as the sharp upsurge in demand worked through, the developers jumped on to the band wagon. In 1974, over 1m sq ft of new development was completed, twice the previous peak. The result—supply exceeded demand and rents held unchanged and then actually fell back to nearer £2.50 a sq ft before the surplus was taken up and the much reduced level of new development allowed rents to start rising again.

Rents in Bristol are up to £6.50 a sq ft and again they look set to level out. Supply is building up to a pretty substantial level, according to agents Richard Ellis.

Nearer London, Reading has proved one of the most attractive areas for companies moving out of London and for international companies moving into the UK. Well-placed, within the so-called "golden triangle," Reading office rents have climbed to around £12.50 for prime air-conditioned space. Again a fair amount of development is coming on stream and some institutional funders are beginning to take a more wary stance. The Thorn EMI Pension Fund development is believed to be pitched with an asking rent of £14 a sq ft.

In between the two, Swindon has shown fair rental growth in recent years. The local authorities have been especially adroit at keeping supply and demand in balance. Rents are typically £7 a sq ft though Commercial Union, which has just completed a 60,000-sq-ft second phase, is understood to be thinking in terms of a rent in the "middle to late sevens."

Moving north, Leeds is one area where the developers have overdone it. Rents have barely moved over the past 12 month. An electricity workers' pension fund scheme with 400,000 sq ft of space is vacant and further developments are coming along which could add another 100,000 sq ft over the next year. All this for a market which normally sees an offtake of around 200,000 sq ft per annum and last year was down to around 100,000 sq ft. It is a well-established centre for the north-east but Leeds is going to suffer with an oversupply for some time and for the next year or two rents are going to be hard pushed to climb much above their current £5.50 level.

Newcastle has seen a fair amount of development in recent years, but it's not a fast-moving market and while £5 a sq ft has been achieved in a letting at Regents Centre recently the office market could easily come off the boil if some of the larger schemes which are being talked about, are actually undertaken.

Hugh Routledge

The National Westminster tower in the City of London: the financial sector keeps the demand for prime sites buoyant

Small units stay in demand

AN IMPROVEMENT in the supply of office space in Glasgow has dispelled fears that the city would face a shortage by the mid-1980s. In fact on present trends the view now is that there is more likelihood of excess capacity.

On average about 250,000 to 300,000 sq ft of office space comes on the market in Glasgow every year. Most of the lettings at the moment, however, are on a small scale consisting of suites of 2,000 to 3,000 sq ft.

During the past year new space coming on the market rose sharply to 282,000 sq ft compared with the depressed level of 68,000 sq ft in 1980. This has led to some sceptics in the property market taking the view that the amount of office space under construction or in the pipeline could now actually result in a surplus by 1985 or 1986.

The key development in terms of office space has been the construction of the British National Oil Corporation's new headquarters in Bothwell Street. The new HQ will provide office space of 450,000 sq ft by the end of 1985 or 1986, on a different site but still in Bothwell Street. The move will make available about 300,000 sq ft, about the average of a year's new office space in Glasgow.

In the prime down town area six other office block projects are under way. They include 37,000 sq ft at 128 St Vincent Street, 30,000 sq ft at St Vincent Place, 25,000 sq ft at West Regent Street, 22,000 sq ft at Charing Cross and 17,500 sq ft at 199 St Vincent Street. The big insurance companies are among the main developers of prime sites with Scottish Provident, Equitable Life Assurance Society and Scottish Amicable included.

Glasgow

MARK MEREDITH

About 100,000 sq ft of office space is currently available and agents in Glasgow feel the outlook for both developers and clients is healthy despite the poor economic climate. Estate agents report a healthy continued turnover in smaller units, with the high season approaching in May.

What has possibly worried the sceptics about oversupply in future has been the sheer size of office development projects for the city.

Developments Commercial and Industrial (Scotland) plans an office shop complex in a prime central location on the corner of Argyle and Hope Streets. The developers have planning permission to begin construction and the project will offer the city an additional 80,000 sq ft of office space. They hope for completion some time in 1983.

Rents are at a record level of £6 a sq ft, fractionally more for prime locations.

Quality refurbishments fetch £5 a sq ft while older property and more peripheral locations command rents varying from £2 to £4.08.

Lambert Smith in a look at the Glasgow office market last June noted that construction costs had been held down because the building industry was operating well below capacity. The report noted the move towards refurbishments in the city. Restoration work has brought back much of the charm to older parts of the city.

Kenneth Ryden and Partners in their January property review noted that in terms of investments the institutional market remained firm, with considerable interest shown in the small number of prime developments that became available. "The market appears to be unaffected by the recession with funds buying for long-term growth rather than short-term gain," the review noted.

Testing time for market

THERE ARE some paradoxes in Manchester's office property market. The recession has hit the take up of space in some sectors but overall the past 12 months have witnessed a general level of activity that has shown virtually no downturn from the previous year.

At the same time, very little good quality newly-built offices are coming on the market and as a result the city has probably little more than a year's supply of empty office accommodation. Major tests of the market's buoyancy though will be the speed with which two medium-sized office developments now on the market are taken up.

The city has maintained its take up rate of about 350,000 sq ft a year. There is probably under 500,000 sq ft available and although developers have been at work over the past few years the amount of new accommodation under construction is relatively small.

Manchester

NICK GARNETT

Very few owner occupier offices have been constructed in recent years. A good proportion of what has been built has been centred on the prime location of Wilmslow south of the city in Cheshire. The new headquarters for the Whitecroft group is the most obvious example. The vast bulk of new office space has been speculative for letting in the open market.

In general, rents have doubled in the past five to seven years. For new buildings in the city centre they have reached £5.50 to £6 per sq ft, an increase of £1.50 over the past 18 months.

That is now broadly in line with the asking rents for the biggest new office block on the market—the 100,000 sq ft of space in Heron House, Albert Square.

That development was due to house part of the city's local authority administration which eventually decided against the move. Next to it, the Royal Liver development has been let to Commercial Union—the first pre-letting of any size in the city for many years.

Suburban rents have reached £5.25 per sq ft for small units and agents report that £4.50 has been easily obtainable for whole buildings. The exception to the pattern of generally lower suburban rents is Wilmslow outside the immediate city boundaries, which with good shopping, communications, car parking and housing now has property on the market at £6.50.

Refurbished accommodation has been left behind a little in terms of rental growth, however. Some agents say that Manchester will never again see major office and commercial development such as the Arndale Centre in the heart of the city. The speed with which Heron House and the 40,000 sq ft penthouse near Spring Gardens are rented could also determine how soon new medium-sized ventures are planned. The latter is widely expected to be let shortly leaving only Heron House available in that bracket size.

There are some major sites however which could be developed. One is the old Central Station location for which a number of grandiose commercial schemes have been conceive. One overall development plan costing £120m and including an exhibition centre and hotel has been proposed by the Metropolitan Council. Others are the old cotton warehouses around Whitworth and Princess Streets.

One change that is likely to affect office development is the City Council's planning policy. Agents say that there has been a very noticeable shift in the council's attitude towards city centre parking. Where once it resisted the creation of new parking facilities linked to office development it is now much more lenient and in some ways encouraging.

This, to some extent, has been forced on the council by the relative attractiveness of outer locations such as Altrincham, Sale and Cheadle Hulme on the edges of the city where offices of say 13,000 sq ft may have parking space for 20 or 30 cars.

Like so much of industry and commerce, property agents and developers point to the rates burden as an important factor in the speed of renting. Most appear worried at rate increases within the city.

Debut for UK's miniature oscilloscope

BY DAVID FISHLOCK, SCIENCE EDITOR

PROFESSOR CYRIL HILSUM, chief scientific officer at the Royal Signals and Radar Establishment, Malvern, tells a story to illustrate the importance of backing hunches in science. In the late-1960s, when Malvern had persuaded the Government to support a research programme on novel electronic displays, a report was drafted proposing that the main effort should be focused on ferrite (magnetic) displays with a smaller effort on liquid crystals as the outsider.

At the 11th hour, Prof Hilsum switched the emphasis to make liquid crystal (L-C) displays the prime target. Today, Britain is earning about £500,000 a year in royalties from sales worldwide of miniature L-C displays, chiefly for Japanese digital watches and calculators.

Malvern, with the help of Hull University, perfected a new family of far more stable chemicals to use as liquid crystals. Meanwhile, the magnetic display seems to be dead.

This week, Malvern's pioneering work in developing the L-C display took another major step forward with the commercial debut of what it believes is the world's first oscilloscope with a flat screen instead of the customary cathode ray tube.

From a prototype originally demonstrated by Prof Hilsum's displays group, Scopex of Letchworth Garden City, specialists in oscilloscopes, have developed a portable instrument that needs only 15 volts to drive its display, instead of the high voltages of the CRT.

The result is a rugged plastic pack weighing only 2.5 kg, as convenient to carry as an Avo, which can be used to look for trouble in factory, garage or hospital environments where a risk of explosion has previously excluded the oscilloscope. Shock and acceleration cause no problems, the maker say.

Its display is a creen 10 cm by 6 cm, with the curious characteristic that waveforms become more, not less, readily visible as ambient light becomes brighter.

To quot Prof Hilsum: "The display matches the eye, while the electronics match the signals—a sensible arrangement ergonomically."

One member of Malvern's displays group, Mr Paul Holland, joined Scopex as a director of digital technology, to help transfer the L-D technology. Another, Dr Ian Shanks, stayed close to the project at Malvern. Between them, they designed an L-C display with such features as storage which grace the more expensive conventional oscilloscopes.

The key innovation Scopex has licensed from Malvern is a new drive system for L-C displays, which uses the essential simplicity of the information an oscilloscope is displaying, namely the shape of a wave.

To quote Dr Shanks, the drive method uses row and columo drive waveforms which are divided into discrete time periods. In each period the drive waveform may have one of only two possible values of voltage, zero or something else (typically 15V). These are associated with the logic states "O" and "1" respectively. The drive waveforms thus consist of a sequence of logic zeros and ones which repeats after 0.03 seconds.

Such waveforms can be generated from standard CMOS logic circuits without need for special driver display circuits. The L-C displays themselves are manufactured to Scopex's specifications by two specialist UK companies, Lucid Displays (GEC) and Racal Research. The Voyager represents "the first really major change in the design of oscilloscopes since they were invented in 1931," Dr Shanks claims.

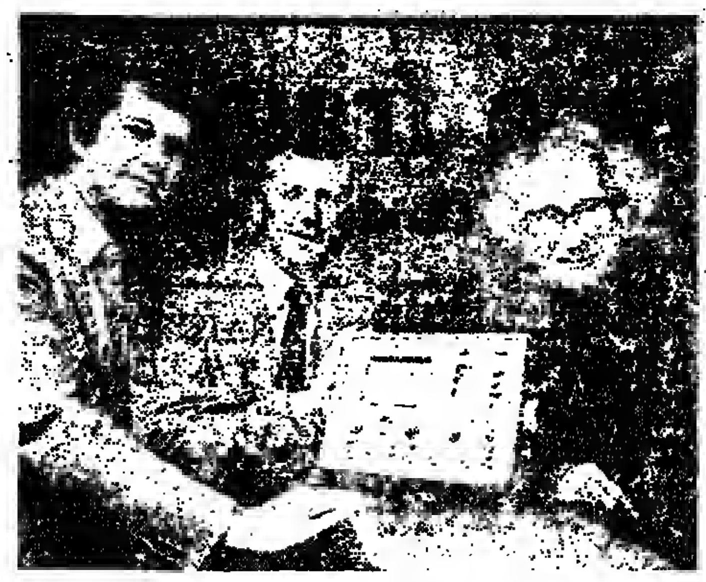
With the help of a silicon chip random access memory (RAM), it can store waveforms with the instrument switched on for up to eight hours, and switched off for up to 100 days. It also has what Prof. Hilsum calls a "Dr Who control" which captures and stores isolated events and allows the viewer to look back to see what might have triggered the event.

Scopex has a non-exclusive licence for the L-C technology, as a result of an introduction by the National Research Development Corporation (now British Technology Group). It was the only one of a dozen UK companies approached by NRDC to evince interest in an advanced-technology oscilloscope.

Mr Jim Copps, managing director of Scopex, reckons that the privately-owned company has invested about £150,000 in the development, out of profits on its conventional oscilloscope range.

Last autumn he raised a £400,000 bank loan from Barclays—less than he wished, he acknowledges wrly — to finance initial production of upwards of 100 Voyagers a week, together with further development of a range of L-C oscilloscopes.

His initial targets will be the laboratory market for storage oscilloscopes, and the markets for portable trouble-shooting instruments in environments which forbid high-voltage tools.



Paul Holland of Scopex (left) and Dr Ian Shanks and Professor Cyril Hilsum of the Royal Signals and Radar Establishment, with the Scopex Voyager oscilloscope.

He claims that, at a price of £2,500, Scopex is "providing the technology of liquid crystals almost for nothing."

Jim Copps admits that he sees the displays group at Malvern—spending about £750,000 a year, mostly on L-C displays—almost as his long-range research laboratory. Ideas being developed have included a large-screen L-C display, using heat-sensitive chemicals and laser scanning to point an image. It is also working on an ingenious L-C display which restore the time-honoured analogue dial and needle—except that the needle is painted electronically on a flat glass screen.

Portable saw for tile cutting

A PORTABLE tile saw for floor, wall and roof tiles up to a maximum thickness of 40mm (1½ ins) has been announced by Errul Products of Speedwell Industrial Estate, Staveley, Derbyshire (0246 473232).

The unit weighs 20kg and can be transported in a case which doubles as a 4.5 gallon water container. The water is fed to a 230mm diamond blade by a self-priming pump.

The roller mounted cutting table can be adjusted to an angle of 45 degrees for mitre cuts.

Mr Ray Caulfield is the man to contact or Errul's London office (01-205 9773).

Automated feeds for presses

ROBOTICS is the "in" word these days. But what small and medium volume manufacturers want is real low-cost automation which they were promised during the white heat of technological revolution days of yester year and which, somehow, failed to do more than poke its head round the corner.

Those doing press work probably felt more let down than most because even today the method has hardly changed since the beginning of the century.

A blank piece of metal is put under the press, the guard gate is closed to prevent accidental injury; a foot button is pressed and down comes the press for the first operation. The developing component is then passed to the next power press and so on until completed.

Les Dyche, a design engineer, thought a lot about how to change this while he worked to establish his own business under the arches of Snow Hill station, the old Birmingham railway station.

After a six-year spell in South Africa he now has a small factory at Tamworth, Staffs, and some new and updated equipment for automating the feeds to power presses.

Basic costs range from £1,700 to a maximum of about £4,000 to transform even 30-year-old presses without, however, the need to alter their tooling. The outlay is often recoverable in a few months.

The versatility of the system is illustrated by the wide range of components that can be made, from lock parts and cutlery blanks to gear wheels and filing cabinet slides, in sizes up to 12 ins square, but with a near future ability to go to 15 ins. Because the feed mechanism can be changed in 15 minutes the system is especially suitable for short runs.

The method of operation and devices used are so simple they fall within the "Why didn't I think of that before" category. Air-actuated mechanicals are used so that the operator can not only see what is going on but make adjustments and repairs if necessary.

A number of different feeds are available. One of them is a feed plate at the far end of which is a space into which the blank is fed from a hopper. The plate is shot forward on the up stroke of the press and placed correctly, at the same time pushing the component on to the next station.

A piston under the plate then lifts it just clear of the blank and retracts it for another blank to fall or be put into the space. An output of 40 a minute is being achieved against 14 manually—and the operator has time to feed a second machine.

There are pick and place feeds in which the component is picked up by vacuum and released in position by a sharp puff of air. Or it can be done magnetically in appropriate instances. A feature is the ability of the arm to follow the stack of blanks downwards. In other systems the blanks have to be presented.

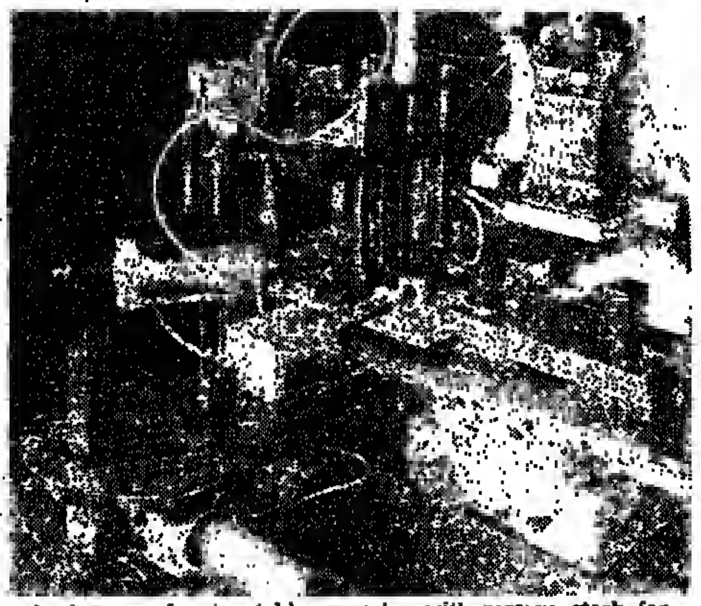
The further ability has been developed to do four jobs simultaneously. Thus, the filing cabinet slides are cropped from strip, and holes pierced; the holes are counter sunk, ribs put in and lugs bent down; the channels are raised and finally the piece is split into two halves.

Until the recession the company exported 53 per cent to a dozen countries, between 1979 and 1980 the export content dropped to 12 per cent where it continues to hover. But home market demand took up the slack until last year.

"Then tight fisted accountants began to say 'No' to their enthusiastic engineers," says Dyche. "I only hope they will be competitive enough when the recession lifts."

More from Tool Production and Design, Tamworth, Staffs B79 7TA. (Tamworth 59068).

PETER CARTWRIGHT



A close-up of a turntable magazine with reserve stock for automatic feed to the press.

Temperature calibrators for diesel, turbine checks

TWO temperature calibrators designed for checking large diesels or turbines have been announced by E. V. Johanssen of Denmark, and are available through Hunter Agencies, Newcastle upon Tyne (0632 810377).

Johanssen claims that the EVJ 200 and 600 have resolved the problem of frequent calibration for such instruments. The models cover the range up to 600 deg C and, at seven kilogrammes, are highly portable.

Both offer digital read out and have dispensed with ordinary mercury thermometers. Stable calibration temperature can be achieved in about six minutes with re-setting to a lower temperature by an internal fan.

MAX COMMANDER

Servo-motors

CONTRAVES Industrial Products, Moulton Park Industrial Estate, Northampton (0604 493201) has introduced a range of DC servo-motors. Two series, offering a choice of eight models, are available.

Stand for electric drills

A HEAVY duty vertical drill stand for the Sugino Type ESB electric drills is now available from Concentric Production Research. Similar stands are available for all the pneumatic feed units from Sugino.

The stand (model US-74) has a 600 mm vertical column with a drill clamp to swivel as well as slide to facilitate angular rotation of the drilling or tapping unit. Concentric is at Reddicap Trading Estate, Sutton Coldfield, West Midlands (021-378 3030).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How a fragile jigsaw is being pieced together

Christopher Lorenz examines the painstaking integration of Pilkington and Flachglas

Takeovers are far trickler than many companies realise. No amonnt of sophisticaled searching for the ideal acquisition candidate, nor financial wizardry in the deal ltself, can compensate for lnept handling of the prolonged integration process which then has to follow.

When the porent and its new subsidiary are ln different countries, with contrasting corporate cultures, the stakes arc raised still further. Add to this the parent's inability to exert dtrect manoserial control, because it does not hold all the subsidiary's shares, and you face potential disaster.

Such was the challenge focing Britain's Pilkington Brothers wben in Jnne 1980 It bought a 62 per cent stake in Flachglas, West Germany's leading glassmaker, for £141m. Last Friday we examined the strategy bebind the deal, and the way lt was execnted, while Monday's article outlined Pilkington's "softly, softly" opproach to the integration process. Today's concluding article looks at the detailed problems that have confronted five joint sub-committees which the two companies formed to transform the takeover from a paper deal into a properly co-ordinated reality.

ANATOMY OF A TAKEOVER

PILKINGTON GROUP FLACHGLAS

THE achievements of the most active sub-committee, Finance, have been "brilliant," according to Pilkington's deputy chairman, Denis Cail.

Chaired by the group chief accountant, Peter Grunwell, the sub-committee has had to work to a punishing schedule from the very first weeks after the acquisition.

Its initial task was to overcome the myriad of differences between British and West German accounting practices so that an anglicised form of consolidated accounts from Flachglas could be included in Pilkington's half-year statement in November. The process was complicated by the fact that the companies have different year-ends: Flachglas in December, Pilkington in March.

This had to be followed by the tortuous process of bringing the German company's reporting procedures and controls into line with those of its new parent. Though considerable progress has been made, a number of contentious issues still have to be resolved.

In the main, these result from the fact that, though neither company follows a very formal approach to strategic planning, Pilkington's operating procedures and controls are more formal and comprehensive than those of Flachglas. As befits a much larger company with a wide spread of interests in remote parts of the globe, "we're fairly sophisticated and our board is a great reader of financial documents," according to Grunwell.

Several tricky problems had to be resolved in the space of just three months of the first sub-committee meeting. They included the discrepancy between the two companies' treatment of assets and depreciation; Flachglas still values on the basis of historic rather than replacement cost.

Flachglas's handling of reserves and pensions provisions also differed markedly, and had to be adjusted for the British accounts. But it was consolidation itself which presented the biggest single problem.

Not only was Flachglas, like many West German companies, unused to producing any form of consolidated accounts but Pilkington has a strict procedure which fills a 54-page manual and which had to be explained line by line. Such were the complexities that the final stage of the process, adjustment of the already anglicised accounts on to a current cost basis, had to be carried out by Grunwell's staff, rather than by their German counterparts.

As for the presentation of the accounts, Flachglas had to be persuaded to follow British practice in stock market disclosure, instead of the more limited West German variety.

The work of that first few months made it easier for the German company to conform with the monthly reporting format which all Pilkington's subsidiaries make to headquarters. Covering return on sales, return on capital, and cash position, these began to flow early last year, as did the standard bi-monthly chief executive's report which all Pilkington companies submit.

Up to the end of 1980 the sub-committee met monthly. But work on consolidating Flachglas's year-end figures, followed by Pilkington's need to concentrate on putting together its own accounts after the end of March, "rather dominated the first half of 1981," says Grunwell, slowing the pace of meetings to a roughly quarterly cycle and delaying further progress on reporting and controls.

It was only last November that Flachglas began submitting the standard Pilkington bi-monthly forecast of performance versus budget; the German company had always confined its formal budget monitoring procedure to a half-yearly exercise, though more frequent reviews took place informally.

Other examples of the progress which has been made since mid-1981 include an agreement on how the Flachglas group and Pilkington will exchange capital expenditure data; previously Flachglas did not include its subsidiaries. It will also move into line with Pilkington's practice of producing two-year forecasts along with its one-year budget.

The sub-committee has also spent considerable time on such matters as comparisons of capital investment appraisal techniques, the compilation of a dictionary of terms, and a discussion of relationships with the UK stock market.

But the most significant item of progress has been on the thorny question of how to reconcile the two companies' investment approvals procedures. Pilkington operates a highly formal two-stage process, under which projects of over £30,000 not only have to be approved as part of the capital expenditure budget, but also have to be justified individually when the expenditure is about to be committed.

The issue was first raised in terms of Flachglas having to move into line with its parent's procedure. But this suggestion provoked strong resistance from some of the top German executives, as did the notion that Flachglas should accept the established Pilkington group formula that any expenditure of over £2m must be submitted for approval to the general board in St. Helens.

The German objections were expressed in proud yet practical terms, such as "that may be all very well for Pilkington's existing subsidiaries, but not for someone as large and financially strong as we are." Or "Don't forget that Flachglas finances itself, without getting a penny from St. Helens." (To which one Pilkington manager retorts: "This may be true at the moment, but that doesn't mean it always will be.")

A compromise formula on two-stage controls was finally agreed just before last Christmas, 15 months after the question had first been raised. Proposed acquisitions will continue to go to the supervisory board, but now backed up with a Pilkington-style evaluation. The annual capital expenditure budget will be broken into individual items of over £20,000 and—"in an informal exchange of data"—these will be referred to the relevant sub-committees, which will have capital expenditure as a standing item on their agendas at their bi-monthly or quarterly meetings: Flachglas itself will also continue to conduct a half-yearly capital expenditure review.

By implication, this arrangement could also by-pass the problem of the £2m limit: if individual projects of even relatively small size have to be vetted by the sub-committees, there may prove no need to ask the reluctant Flachglas to submit those of £2m plus to Pilkington's general board.

Not only should the new procedure go some way towards meeting Pilkington's insistence that projects should be justified on a project-by-project basis, but it may also help to resolve its concern about its lack of direct participation in the management board. In effect, the horizons of the sub-committees are being raised from post-acquisition issues to those of longer-term co-ordination and control. But it remains to be seen whether they can operate effectively when really contentious issues arise, or whether a more formal set of controls will be needed eventually.

Six months ago, the members of the financial sub-committee were also involved in an intense debate about the Pilkington principle that roughly 60 per cent of its subsidiaries' net profits should generally be paid out in dividends.

One Flachglas manager claimed that it would have been "contrary to West German share legislation" to make a payment of 60 per cent in 1981: this would have meant that shareholders were "eating into the company's capital," he maintained.

Fortunately for relations between the two sides, the issue seems to have become one of principle only when Flachglas's earnings are booming, as they did in the year in question. The company's past record shows that its two boards have been prepared to accept a payout of 60 per cent or more when profits are depressed, as they were between 1976 and 1979, when Flachglas was investing heavily in its belated transformation to float glass production.

Its earnings have slipped sharply in the past year, under the impact of the West German recession and stiffer competition, so the issue does not have to be resolved immediately, much though the hard-pressed Pilkington would welcome a greater injection of dividends from Germany.

In the meantime the parent company has accepted that a quoted subsidiary cannot tie its dividend immutably to a level of profits which may fluctuate sharply, and that dividends should be discussed on a year-by-year basis.

The only other sub-committee to have started having a concrete effect only weeks after the takeover was Production. Within days of its first meeting, two of Pilkington's most senior engineers were dispatched to Germany to advise on the complicated repair of a float glass plant.

Technical pride on both sides obscures the real extent to which Flachglas modified its repair plans as a result, but there is general agreement with Dr Otto Stiehl, production director and deputy executive chairman of the German company, that the main theme of the sub-committee's work "has been our attempt to compare our technical performance."

As Monday's article explained, this is an immensely complicated process, thanks to the contrasting organisational structure of the two companies, and the differences between their factory layouts. This applies even to a comparison of such apparently simple matters as the quality of raw materials, their melt rates, the thermal efficiency of the plants, and production yields.

As a result, it was only last summer that analysis began of overall production costs. Until these are agreed most comparisons of the two sides' production efficiencies will remain impressionistic and subject to interpretation.

The same applies to much of the work of the Safety Glass sub-committee, where Geoffrey Iley, its chairman, admits that Flachglas has been more effective than Pilkington at using numerically-controlled machine tools from outside suppliers.

On the other hand, he claims that in other respects the efficiency of Flachglas's safety glass manufacturing is "not markedly better" than that of his own company, Triplex. This obviously applies only to factories where Triplex and Flachglas have comparable production lines: in laminated windscreens, for example, Triplex is just beginning to spend £3½m on modernisation at its main UK plant; which will help bring productivity up to the German level.

As with flat glass, any suggestion of potential rationalisation of safety glass supply between the two companies is parried by Pilkington. Not only is it usually uneconomic to transport glass over long distances — particularly across water—but in safety glass Iley points to the advantage of close relations between supplier and customer. Thus while Pilkington's 2 per cent share of the German safety glass market consists largely of sales to Ford, Flachglas sells only to BMW, Daimler-Benz, Audi and VW.

The only really sensitive decision that the sub-committee has had to make so far was whether Flachglas or Pilkington's Finnish subsidiary should benefit from VW's decision to start using laminated as well as toughened glass on the German market. The Finnish company had previously supplied VW with laminated windscreens for its export markets, and would have liked to capture some of its new German business too, but a telephone call between Flachglas's marketing director and his Pilkington safety glass counterpart settled the matter largely in Flachglas's favour.

The Marketing sub-committee deals mainly with flat glass and has had few substantive decisions to take. This is partly thanks to the fact that the international glass industry's traditional "market leadership" conceit—now splintered, if not shattered, by the force of international competition—kept the two companies out of each other's home market. The strength of German demand also discouraged Flachglas from following Pilkington's lead into world markets.

The West German cartel office's insistence that existing competition between the two companies should be maintained has proved to be less problematic than expected. In the current state of the market an agreement not to compete with each other would not necessarily mean the business would go to the partner company; instead, it might end up in a competitor's pocket.

All the same, the subjection of both sides to cutthroat third party competition has inevitably made relations between their marketing specialists rather tense. "We are working towards a common philosophy but it would all have been easier if times had been better," says Bob Jones, marketing director of Pilkington's Flat Glass Division.

The one area where key decisions will soon have to be made on flat glass, safety glass, and Flachglas's other downstream businesses, is on future product policy: the sensitive question of who should make what, and where. A whole nexus of decisions of this kind has been hanging fire on the deliberations of the Technical sub-committee.

Among the delaying factors has been the usual complexities of measurement—in this case of how much effort each side is putting into various research, development and engineering projects. Syd Robinson, Pilkington's research and development chief, calls this "assessing the state-of-the-art" in both companies.

One of the findings is the welcome one that, as in the marketplace, there is relatively little overlap between the two companies. Over half Flachglas's research and development is geared towards particular products, whereas over two thirds of Pilkington's is directed at basic manufacturing technology.

But an equally significant part of the work of Robinson's sub-committee has been the drafting of a legal agreement for the exchange of technical know-how between the two sides. Like much of the work of the finance sub-committee, this has been made necessary by the fact that Flachglas is not a wholly-owned subsidiary.

Just as Flachglas's minority shareholders might have objected if its glass coating technology, for example, was transferred free of charge to St. Helens, so Pilkington was loath to hand over all its flat glass technology for free—not to speak of its heavy investment in fibre optics and other electro-optical technology. So Pilkington has insisted on some form of payments contract.

Some Flachglas executives claim a "technical assistance" agreement is unnecessary and that their own technology is sufficiently strong to justify an "open door" exchange. On the other hand, Pilkington argues that the German company's R and D spend would have to be raised to make it proportionately equal to its own.

A form of cross-licensing was discussed, but the two sides have now devised a formula which will "balance" the two companies' contributions to R and D. Before it can take effect, however, it must be approved by both sides' auditors and tax authorities, not to speak of the Flachglas supervisory board. Only then will the two companies be able to start organising a joint R and D programme.

Denis Cail Peter Grunwell Geoffrey Iley

Taking the heat out of glassmaking: as crucial a business for top executives as for the production worker

Management abstracts

What are "business ethics"? P. F. Drucker in Across the Board (U.S.), Oct 81

Argues that business ethics do not reflect general ethical values: with a wealth of historical detail and modern parallels, develops concepts of "ethics of organisation."

Global competitive pressures and host-country demands. Y. L. Doz + others in California Management Review (U.S.), Spring 81

Looks at host-country pressures on multinational corporations and demonstrates how a local strategy which runs counter to an MNC's overall policy may have to be followed: gives examples of how unnamed MNCs leave decision making sufficiently flexible to cope with changing emphasis between local and global issues in particular countries.

The use of scenarios in planning. H. E. Klein + R. E. Linneman in Long Range Planning (UK), Oct 81

Examines the use of multiple scenario analysis in corporate planning in U.S.: reports that companies have rejected formal methods of scenario-generation on the grounds that they are too complex and time-consuming.

Product quality—a prescription for the West. J. M. Juran in EOQC Quality (Switzerland), No 3/81

Traces strides made in product quality in Japanese industry, and contends that the emphasis on training (at all levels) and top management commitment must be emulated by Western companies: proposes actions for implementing quality control changes, and warns against "pseudo-solutions," e.g. attempting to defeat competition by legislation rather than in the market-place.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

THE ARTS

Redgrave, Farnham

The Cat and the Canary

by ROSALIND CARNE

This is an old-fashioned comedy-thriller, a neatly constructed affair complete with sliding panels, an old man's will, a stolen necklace and the additional spice of voodoo. As a long standing fringe groupie, the genre continues to hit me with the charm of novelty, though I have to concede that my enjoyment contradicts everything I have written in this paper about intellectual, ethical or esthetic challenge in theatre. It hardly matters whodunnit. The crucial issue is optimism — life's great mystery, death, holds no torrors when thunder fades and morning comes . . . and the legacy is suitably in order.

First produced on Broadway in 1922, John Willard's play was an immediate smash hit. It would not, and should not, happen today, but there is still a place (Surrey?) for the eminently unthreatening spine-tingle, laced with comfortably familiar spooks.

The cat in question is, we are led to believe, an escaped lunatic with hands like claws, a black hat and cape, and stringy grey hair. Annabelle, the lovely heiress, is the canary, likely prey to fortune-hunting beasts. Elizabeth Sinclair brings poise and assurance to the role. Innocent child, she believes herself immune from attack, protected by her philosophy, her faith and her friends. We never get very far into the first two, but her friends are loyal enough. Or are they? And can she escape the terrible curse of insanity which afflicts her family? No, according to her elegant, bitchy cousin, Susan (Nicola Hamilton). She, and her dumb-blonde foil, cousin Cicely, are as stock as a pair of old, but very fancy boots. The men are less colourful, but then they are obliged to be tediously brave in the face of danger.

An ancient black retainer, Mammy Pleasant, adds her distinctive, if stereotyped West Indian angle to the aroma of the lingering deceased. Yvonne Gidden gives her an exaggerated, sinister, foreboding, which narrowly succeeds on stage. Ham acting is the order of the occasion, though director John Hughes has an eye to imaginative detail. The looming, latticed interiors are designed by Clare Birks, and Doreen Watkinson has produced some exquisite costumes. Her choice of bedroom slippers alone could provoke the green sickness.

Soho Poly

The Mission

This is the first in a three-month series of German language plays at this theatre. Intensely political, it is also inventive, lyrical and intellectually demanding, if somewhat slow in execution. Ostensibly a diatribe on western imperialism in the Third World, its great strength lies in its more general commentary on 20th-century mores and on the violence which men enact on men. Women play a shadowy role, victims no doubt, but also the bearers of treachery and despair. The playwright is Heiner Muller, from East Germany, the translator, Stuart Hood.

The entire auditorium has been painted and drapped in white, enveloping the audience from the start in an atmosphere of stark terror, the bright light of interrogation. The year is 1795. A man lies dying in prison, wracked with gangrene, scrawling a crucial, final, letter. He is Galloudec, a Brittany peasant, on a mission to the West Indies to stir the slaves to revolt against the British Crown. He and his black comrade, Sasportas, are deserted by their turncoat leader Debuisson, who follows the new line of oppressors when Napoleon comes to power. Seventeen years on, the letter is delivered to Paris to a certain Citizen Antoine, who is revealed to be Debuisson's physical and moral double, and rejects the plea to continue the mission.

All this emerges by inference and exposition in the opening two scenes, and the remainder of the piece fills out the arguments of struggle, betrayal and defeat, in a bewildering array of styles including video and film. Personalities become increasingly abstracted into representations of a mode of thought, and though this calls for strong playing, it does not detract from the force and originality of the script. Half-way through we are treated to a 15-minute blast of rapid cinema—the Shah of Iran, the Georgetown massacre, snatches of cheap pornography, a caged tiger. But for the beaming mask of Mao and an impassioned Lenin this would seem to be the collapse of the West. Perhaps it is simply the collapse of the world, though we are spared a nuclear holocaust.

The mesmeric effect of projected images dilutes the impact of the ensuing scene, the arraignment of Danton. Nevertheless, his verbal attack on Robespierre makes good sense in the context of the overall theme. On first hearing the language sounds both dense and elliptical, hard-going for the cast who must switch rapidly from the emotive to the cerebral. Timothy Block as Galloudec is particularly good.

ROSALIND CARNE

Festival of India

The Festival of India, the largest celebration of Indian art in the UK since Independence, opens on Monday with a Festival Hall concert attended by the Prime Ministers of both India and Great Britain and featuring the European première of Ravi Shankar's second concerto for sitar and orchestra. The Festival continues until November 14 with many official and unofficial events.

Among the highlights are the Victoria and Albert exhibition on court life under Mogul rule; the British Library's display of Art of the Book of India; a Festival of Indian Films at the National Film Theatre; *In the image of man*, five hundred works of Indian art at the Hayward Galley; modern Indian artists at the Tate; seasons of Indian dance at the Commonwealth Institute and Riverside Studios; and a celebration of children in India through artists and craftsmen at the Barbican Centre.

A.T.

Cinema

Good for a laugh

by NIGEL ANDREWS

The Wild Women of Wongo (A) Scala
The Secret Policeman's Other Ball (AA) ABC Shaftesbury Avenue
Death is My Trade (A) Paris Pullman

Presenting: the March Hare Hilarity Handicap, incorporating the Mad Hatter Creative Lunacy Steeplechase. *Result* at winning-post: photo-finish between *The Secret Policeman's Other Ball* and *The Wild Women of Wongo.*

Both this week's comedy offerings give one renewed hope in the cinema's power to agitate the funny-bone. In a Lenten Lent they are gifts from Heaven. Though neither is in the mainstream of 1980s movie humour—one is an Amnesty International Charity stage revue transplanted to celluloid, the other a wild-and-woolly Z-film from yesterday's Hollywood revived at the Scala—they both rendered hardened critics a prey to unruly guffaws at 10.30 on successive mornings.

Wongo received on Hon. Ment. in the Christmas TV programme on Great Bad Films and fully lives up to its claim-to-fame as a front-runner for cinema's all-time Golden Turkey award. There are those, stern and censorious, who tut-tut over the notion of laughing at "bad" films, with it putative blend of condescension and cruelty. But the cinema is a wondrous *omnium gatherum* of good and bad, rarefied wisdom and demented opportunism, and it's part of an art form's growing-up process that one season should sometimes be licensed on yesterday's demodé daftnesses. Especially when they are as rich, rare and gamy as this one.

Wongo is a tropic isle of the only-in-Hollywood variety. Native girls populate it with Max Factor complexions, Beverley Hills coiffures and one-piece bathing-suits in chic animal hide. Life on Wongo shows early promise from the first entry of the lady outfitting herself "Dragon Queen": a Delphic Sybil of fearsome aspect who holds sway over the local crocodile-gods with a will of steel and an equally strong Brooklyn accent. The crocodile gods in turn hold sway over the islanders, with a preference for curvy females with minimal dressing.

The plot thickens like a peculiarly tart and eccentric gravy, as the ladies make a bee line for Goona, nearby island, which boasts many beautiful men. Their own men being mostly hurly, aging and knotty, resembling lapsed Victor McLaglen impersonators, it's only natural that biological imperatives should hurl them across the blue seas.

This early example of spontaneous genetic engineering is a palm-foliated delight and unfolds to the tune of dialogue and acting that you have to blink twice to believe. Thrill, en route, to the heroine's life-or-death struggle with a lock-jawed crocodile whose mind is clearly on other things: perhaps its taxidermists' bill. Gaze at Goona's beefcake males whose chief labour-intensive industry is holding their stomachs in. And wonder at an Age of Innocence in the cinema when robeless romps amid minimal scenery could be construed as plushy exotic adventures.

The Wild Women of Wongo plays at the Scala as part of a season of Golden Oldies with turkey propensities. Celebrate Spring by a visit or several.

*

The comic genius of John Cleese, even when the thunder-struck lantern jaw is covered with unfamiliar face-fungus, is evident from the start of *The Secret Policeman's Other Ball.* He gives unctuous front-of-curtain thanks to the audience for their generous contributions to the night's charity takings: including "those of you up there" in the gallery who contributed a modest £6. A member of the cast diffidently pipes up a correction: "£3.50. For the cheapest seats." Stricken pause and gathering glower from Cleese—then the upward roar at the gallery: "You bastards . . ."

Thereafter, 98 minutes flit by like nine in this banquet of the very best of British song and comedy. Sting sings. Billy Connolly twangs a guitar and burrs forth risqué anecdotes. Alan Bennett and John Fortune share a stand-up skit discussing the merits of lingering love-making ("Three hours? You could have been in Leeds in that time") and of cruising public toilets ("the usual groundswell of Spanish waiters . . ."). John Wells, with hamster teeth and gobstopper cheeks, doubles as Denis Thatcher and Ronald Reagan. Singer Bob Geldorf, pack-leader of the Boomtown Rats, throbs and ululates. Rowan Atkinson conducts Beethoven's 5th. And Cleese dishes out his special hail-fellow sadism to a sextet of "Top of the Form" contestants who never get the right answer. "Capital of Italy?" asks Cleese: "Rome" trills Tim Brooke-Taylor in pigtails. "No, sorry, Tokyo."

But the late-on show-stealer—and give him a mask and a bag marked "Swag" and he is born to the gurglarious role—is Alexei Sayle. This nimble-toed beery-heart with the banshee Northerly brogue and Punk crew-cut has graced—and disgraced, when he can—television's unruly O.T.T. Here he cavorts with 40-carat 'foul' mouthed splendour, like a hair-less and inebriate David Bellamy, targeting his satire on all things trendy from hash-smokers to Habitat furniture to "Save the Shrimp" environmentalists. As they say on billboard cuttings, I laughed till I cried (Financial Times). Saylo alone is worth the price of admission and of incurring Cleese's magisterial prologue wrath. The rest is free and fabulous dividend.

*

Rainer Werner Fassbinder, Konig of the New German Cinema, first primed the "tableau vivant" style of cinema wherein narrative is plucked forward by episodic scenes, artfully frozen groupings and faux-naif, reach-your-chalk-mark-and-recite acting style. Since then dozens of film-makers—especially Teutons—have leaped into the tableau-movie breach and done themselves a nasty injury. *It Takes a Fassbinder*—or something close—to be a Fassbinder.

Theodor Kotulla's *Death Is My Trade* is one such debacle. Five years old and 145 minutes long, it has been dusted off now by Contemporary Films, no doubt to hotfoot in hopeful pursuit after that other recent and runaway 2½-hour Nazi hit *Mephisto*. But this torpid odyssey through the life of Rudolf Hoess (called Franz Lang in the film to protect the guilty) was a dodo when I saw it at the Berlin Film Festival in 1977 and confirms its extinct status on re-acquaintance.

Griff Rhys Jones, John Fortune and Rowan Atkinson in The Secret Policeman's Other Ball

Collegiate Theatre

Double Donizetti

by RONALD CRICHTON

The operatic part of the Camden Festival opened last night with the now expected flair. Opera Rara's double bill brings the British premieres of two of the only Donizetti one-acters that have so far escaped the revivers' net. *Francesca di Foix* and *Lo romanziero* were both written for Naples in 1831, soon after the success of *Anna Bolena*. Opera Rara present them in typically bright English versions by Don White—but where *Francesca* is a translation, the original dialogue of *Lo romanziero* is lost and a new story had to be pieced together.

An opportunity was thus provided (with more excuse than is usually the case) for the updating of the action to the twenties. Mr White's version of Domenico Gilardoni's romantic novelist Antonina goes through her tantrums amidst secretary, butler, parlourmaid, agent, reporter and photographer, all exasperated, with a cocktail-bar in the background and in the foreground a distracted lover, Filidoro, mad for marriage. Secretary Chiarina encourages Filidoro to dress up as the sheik-hero of the novel in progress. The ruse works. The pen, or rather dictaphone, is foresworn for nuptial bliss.

How like the original this is we may never know. But it works—the farcical situations are set brilliantly onto Donizetti's music, in his liveliest buffo vein. The performance is led in dazzling style by Della Jones as Antonina, outcapping her Rossini heroines and revealing herself once again as a most accomplished comedienne, and by Russell Smythe as Filidoro, very nearly as brilliant as his partner and charmingly exploiting a touch of genuine distress which the lady is not called upon to show. Both offer singing of remarkable quality.

This admirable couple is ably supported, notably by Nuala Willis as secretary, Donald Maxwell as agent and Gordon Christie as reporter. Sally Day's production is most successful in the timing of sharp and sometimes grotesque movement to the music. The element of burlesque is controlled and integrated in just the way missing from last week's *Agrippina* by Kent Opera. Presumably most of the rehearsal time had gone into *Lo romanziero*. *Francesca di Foix*, a mock-medieval piece about a jealous Count who spreads it around that his lovely wife is ugly and can't be shown, and nearly loses her to his monarch, is a little too amiably, daintily done.

The score however has charms of its own — quieter, more intimate than those of *Lo romanziero*, full of Donizettian good nature. There is plenty to sing. The chances are seized by Russell Smythe once more (his music here more lyrical, less florid), by Gillian Sullivan, a young soprano as comely as she is accomplished, and by two of the other cast—Della Jones as a page and Donald Maxwell splendidly vital in the buffo role of the jealous husband. Kevin John as the Duke showed a useful light tenor.

Both operas were most ably conducted by David Parry, who opened the evening with the overture from yet another forgotten Donizetti one-acter—*Une follia*, in which the violins of the English Symphony Orchestra showed welcome precision. Sets by Steven Gregory—his stone-walled cocktail lounge very successful. A most enjoyable evening, to be repeated tonight, Friday, and tomorrow.

A Romanian in Minneapolis

by FRANK LIPSIUS

Now completing his first season directing the Guthrie Theatre, Liviu Ciulei is giving a healthy jolt to American repertory theatre as well as justifying the Guthrie's long-standing but not always successful devotion to the classics. The demise of David Jones' disappointing, ambitious company at the Brooklyn Academy of Music, combined with the sudden and controversial changes at the Ontario Shakespeare Festival, underline the vulnerability of North American repertory theatre to managements concerned primarily with things in the narrow spectrum between money and image.

Ciulei was an enlightened choice for the Guthrie because of his long and distinguished career in repertory theatre in his native Romania, where his two-stage Bulandra company became a centre for imaginative and influential productions and launched Ciulei's own career directing in five languages throughout the world. To the Guthrie he brings a conception of theatre based on expectations of government support. He gives no indication of abdicating his control to the financial constraints of American management any more than he bent to the cruder, political constraints imposed on theatre in his native country.

Indeed, the Guthrie seems to relish the challenge of coming up with the funds for a budgetary increase of some $2m next year, while Ciulei talks optimistically of having a smaller second stage to experiment more with new works from both Europe and America. In the meantime, he has surrounded himself with young American writers and directors whose backgrounds at the Lion Theatre Company or Jones' Brooklyn company indicate some experience with the rough bumps of American repertory theatre and a willingness to persist and learn from Ciulei.

The signs are already there. Garland Wright's production of *Candide* is unmistakably influenced by Ciulei's attention to detail. Indeed, the production has only one set and 290 costume changes. Props were propelled across the stage at a prodigious rate, including an ingenious and ornate glass-enclosed portable throne, out of which the diminutive Ray Xifo as Lord Pococurante communicates by microphone.

It is a show with lusty characterisations reminiscent of Wright's version of Jesse James' life at the *Lion Theatre*. Wright's forte is moulding a character to a chosen costume, and for the 18th century he shows a penchant for combining the ancient regime with Rabelais. Candide, a universal innocent, sports curly hair and 18th-century overall in the person of Michael Butler.

The succession of short scenes (which mistakenly try to allude to every episode of Candide's endless misfortune) gives the director ample scope to conjure up diversions. The sheep look like llamas and the llamas are red. They come in numerous sizes and are dragged across the stage to present the passage of great distances in time and space. As 18th-century science fiction, the production is no less given over to toys than happens nowadays with miniaturised versions of outer space.

Candide was, this production proclaims, a cosmic explorer with adventures full of wonder and excitement. But it is also depersonalised like Wright's adaptation of Kafka, so that Pangloss (Richard Ooms) is just a periodic presence shouting "All is the best" and Kristine Nielsen as Cunegonde is the absent figure whom Candide intends to find with his toys. The characters' predilection for playing with toys is eventually wearying, and the director seems better at adapting Ciulei's method than his seriousness. Where the master fits his production together with details that emerge into a coherent whole, Wright is just showing off, and playing with John Arnone's props and Kurt Wilhelm's costumes.

Ciulei's *As You Like It* follows a well-received *Tempest* earlier this season and *Hamlet* done at the Arena Stage while the director was still perambulating or, as he says, "directing out of a suitcase." The choice of plays shows a willingness to plunge right into the greatest challenges and the latest production follows in the same tradition, for though *As You Like It* is no match for the other two, it was first done by Ciulei in 1961 in a production that is credited with setting a new style of theatre in Eastern Europe.

This time the production sets more personal standards than international ones. Its sighs at romantic fantasy contrast with long periods in the forest where there are no props and no scenery apart from the elegant gothic gazebo set in the middle of the stage which provides the balcony for the small orchestra.

Real elegance is reserved for the early scenes in Frederick's court, where his courtiers dress in foppish Elizabethan garb and Frederick himself stares in a mirror as he is measured for an enormous red silk cape. The gazebo balcony doubles as the centre of ducal authority, as Frederick watches the wrestling match from above. Surrounded by the court, the combat is hidden from the audience except for dramatic tosses in the air and flailing limbs. The most elegant scene of all is the girl's bedroom where Rosalind's exile and Celia's escape are revealed against a beautifully canopied pair of four-posters, with a German nanny shuffling round as Frederick pronounces his anathema.

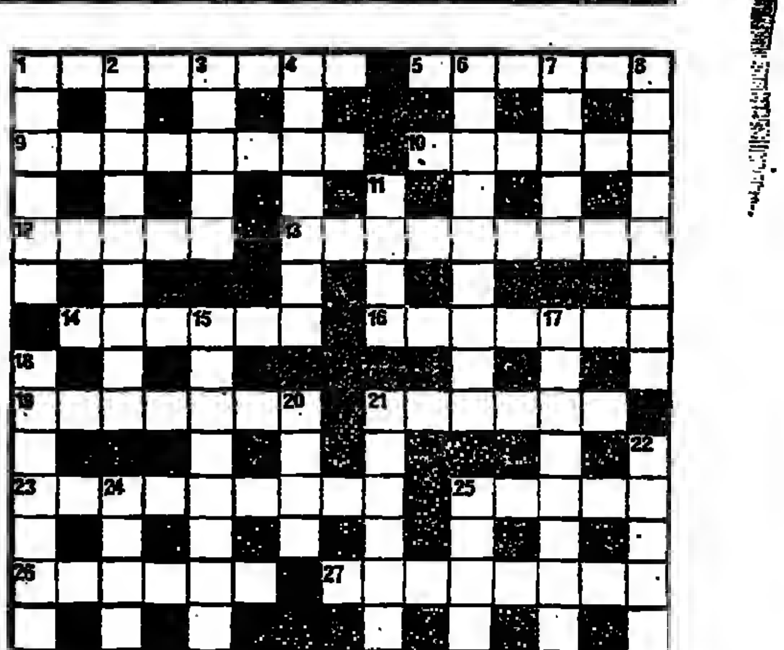
From there, Ciulei makes the forest notable primarily for the absence of courtly and worldly appurtenances. Duke Senior's first appearance is accompanied by a green carpet, but the artifice in Rosalind's pursuit of Orlando is done with coy verbal frills, and even the trees are really leafy-green ballerinas so they can disappear when not in attendance on Orlando's overtures to Rosalind.

Patti LuPone, the original Broadway Evita, makes an attractive, tom-boyish Rosalind whose playfulness outstrips the smiling but rather wan good nature of Val Kilmer as Orlando, while Jndy Catlin is a pert and pretty Celia. Roy Brocksmith's Touchstone is a melancholy brooder, and David Warrilow gives to philosophical rumination in Beckett-inspired attire designed along with the sets by Santo Loquasto.

In style and dress, Touchstone and Jacques are marked as outsiders too realistic for the rest of the zany crew. Their most familiar lines are unfortunately spoken with schoolmarmish distemper, which gives them a certain resonance but also exaggerates their familiarity.

The gradual denuding of the set, which is broken in the last scene by garlands of flowers bedecking the gazebo, makes a telling, if not particularly attractive, point in contrast to Rosalind and the other lovers' fanciful activities. Getting the right balance between romance and reality is an ambition that Livin Ciulei seems bent on mastering.

F.T. CROSSWORD PUZZLE No. 4,826



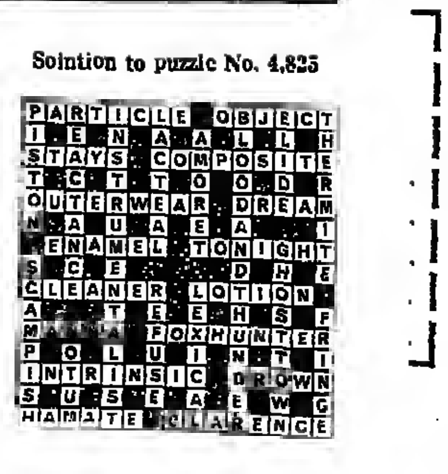
ACROSS

1 Reveal a record and fail to win (8)
5 A mother in charge is without clothes (6)
9 Fruit and fish from the south (8)
10 Waltz danced at a certain tea-party? (6)
12 A crest to wrinkle (5)
13 Before the day, there are words of congratulation around for displays of courage (9)
14 Outlaw players with sex-appeal (6)
16 Make dotty Pole drink (7)
19 Get away in distress from an entrance (7)
21 Soldiers have to wash outside in a very slight breeze (6)
23 Claim that mail to upper classes is delayed (9)
25 An affront to stand up to with resistance (5)
26 Wear down a small nail with energy (6)
27 Add one's name to letters in modern milestone (8)
28 Vulgar marble to wipe (6)
29 Spy, on his conversion, needs a type of psychotherapy (8)

DOWN

1 Forsake claim to reward (6)
2 Tolerate abstinence from food like Bunyan's titled character (9)
3 Shelf left on the brink (5)
4 Falstaff's favourite drink, if not, an old instrument (7)
6 Lower a rope to correspond (4, 1, 4)
7 A word to put in maxim (5)
8 Type of sugar holding up in its container (8)
11 Hand over a complimentary ticket (4)
15 Thrown to the floor below as an Australian is (4, 5)
17 Make one's mark and carry out successfully (3, 6)
18 Seed to set for brinjal (3-5)
20 An affirmative vote, right for a period of time (4)
21 Shortness that Polonius said is the soul of wit (7)
22 Changed its rag for nothing (6)
24 Scold Shakespeare's Katharina (5)
25 Maniple requiring cooling device to be working (5)

Solution to puzzle No. 4,825



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Friday March 19 1982

The nuclear riddle

NUCLEAR disarmament is far too serious a matter to be made the subject of purely public relations exercises. Yet that is what President Leonid Brezhnev of the Soviet Union came close to doing with his latest proposals for limiting theatre nuclear forces or intermediate-range nuclear rockets in Europe.

The Soviet leader offered to freeze, at its present level, the deployment west of the Urals of his SS-20, SS-5 and SS-4 launchers, provided the West scrapped its own intention to deploy Cruise and Pershing II missiles in Western Europe. He even offered to withdraw some of his rockets behind the Urals.

Conventional forces

In making this proposal, Mr Brezhnev assumed that East and West had roughly balanced forces of that kind in Europe. To arrive at that balance he threw the French and British nuclear forces into the calculation, along with the so-called Forward Based Systems, meaning aircraft capable of carrying a nuclear bomb from Nato territory to the western Soviet Union. He did not count his own aircraft with nuclear potential.

The two sides of the equation are therefore not consistent. It is a technique that the Russians have adopted on other occasions. At the Vienna talks for Mutually Balanced Force Reductions, Moscow also assumed a balance of conventional forces—a balance whose existence the West firmly denies—and proposed proportional cuts on both sides. In the Western view in both cases—that of MBFR and of the intermediate-range missiles — the cuts proposed from Moscow would merely serve to cement Soviet superiority.

That Western argument is sustained by the fact that it is not the first time that Mr Brezhnev has based proposals on the hypothesis of a nuclear balance. He did so as long ago as 1978; yet since that time has deployed west of the Urals at least 250 and possibly 300 SS-20s.

It is therefore legitimate to conclude that his latest offer is directed principally at the European peace movement, and above all at the forthcoming congress of the West German Social Democratic Party. A vocal minority in that party is unconditionally opposed to the deployment in Germany of Cruise and Pershing missiles.

It would be idle to pretend that the West has not engaged in public relations gestures of its own. The agreed Western position for the Geneva talks is the so-called zero option. If accepted, it would forbid the deployment of the new intermediate range missiles in Western Europe and commit the Soviet Union to dismantling its equivalent land-based launchers. That commitment would apply not only in Eastern Europe but also in the Asian parts of the Soviet Union.

The zero option is unacceptable in Moscow and the West knows it. But the reason for proffering it is not merely the wish to go to Geneva with a popularly attractive maximum demand. The West wants it to apply to the area east of the Urals because the SS-20 has mobile launchers which could rapidly be shifted westward in times of acute tension. Besides, such is the range of the SS-20 that it could hit targets as far west as France and Britain from positions east of the Urals.

Mr Brezhnev's method of arriving at his hypothesis of balance in Europe lies behind the difficulties encountered at Geneva. The Soviet side wants any agreement reached to cover not only its own and the American land-based intermediate range missiles. Moscow also wants it to apply to nuclear bombers and to the British and French nuclear deterrents.

Equally dead

That makes sense inasmuch as you are equally dead, whether hit by an American, British or French bomb. But the Soviet negotiating stance seriously complicates an already difficult issue, not least because of British and French national interests. If the Russian approach were adopted, agreement at Geneva might have to wait for the Greek calends.

The sectoral approach chosen by the West is far from perfect. But precisely because it is limited, it holds out some hope of agreement. If it can be reached, such an agreement should then lead on to further negotiations about other nuclear weapon systems.

Need for calm in the Aegean

ADMIRAL BULENT ULUSU, the Turkish Prime Minister, is normally a phlegmatic man. So when he raised his voice last weekend at a press conference and denounced the Greek government he also made clear that the time had come for the two countries' allies to listen. For Greece and Turkey have been raising the temperature in the Aegean—and this must be stopped.

The charges criss-crossing the Aegean highlight the problems which have come to the surface since Dr Andreas Papandreou's socialist and staunchly nationalist government won power five months ago. In Admiral Ulusu's words, the Greek Prime Minister is guilty of "distorted logic" and "creating tension" over the Aegean continental shelf, territorial waters and airspace.

Landing craft

Dr Papandreou replied in a similar undiplomatic vein, but other events have underlined how more than words threaten Nato's south-east flank. Greece has been protesting that Turkish military aircraft have again been violating its airspace. It has also repeated mention of the threat it feels from the Turkish Aegean Army formed in 1974 and from the 180 Turkish landing craft which it says are drawn up opposite Greece's outlying islands.

Greece has long been fortifying these islands and the potential for conflict is serious. Only six months ago the UN Security Council had to haul the two historic enemies back from the threshold of hostilities.

The Greek fear is that if Greek islands are surrounded by Turkish seabed or airspace they will eventually fall into Turkish hands. The Turks, however, object to the Greeks using their ownership of almost all the 3,000 islands in the Aegean to limit the Turks' rights in the area.

This winter Dr Papandreou brought into question the fragile truce reached between the two countries in 1976. To the Turks he appeared to challenge the basis of that truce, the Berne Agreement, by authorising oil exploration in the Aegean outside Greece's territorial waters. He altered the tone of the debate between the countries by demanding Nato guarantees against Turkey. He has rejected all negotiations with Ankara, saying that the Greeks have nothing to gain yet are being expected to give. He has also stopped the dialogue between the secretaries general of the two countries' foreign ministries. But he has not come up with any positive alternative policy.

It is of course Dr Papandreou's duty to assert his country's rights — and he believed that past Greek policy threatened them. It may also be that he has fostered the role of tough national leader in order to prevent attacks if he switches towards peace-making.

Admiral Ulusu's remarks hardly help, though they reveal a growing frustration in Ankara. The military regime is increasingly impatient with Western Europe's complaints over its record on human rights—complaints which Dr Leo Tindemans, the Belgian Foreign Minister, is to voice on behalf of the EEC in Ankara today. It may be tempting for the generals to consider Dr Papandreou an easier target to strike back at, but they should realise that his concerns touch a chord with many Greeks.

It is precisely because misunderstandings between the two countries are so profound that the potential role of their friends is crucial. The West's initial anxieties over Dr Papandreou's policies towards Nato and the EEC are largely stilled. But on the Aegean he has revealed how threadbare are the patches which have been covering the differences between the two putative allies.

Military balance

As a first step the West must persuade the two to avoid the rhetoric which has been ruffling the waves. Next, it must convince both sides that their crucial interests will be protected while they sit down—as they must—to talk through their problems. This requires preserving today's military balance, which means keeping arms aid in proportion.

It also requires some Western endorsement of today's borders. The U.S. may argue that providing this endorsement is impossible as long as Athens and Ankara are at loggerheads. But it is just at such times that this endorsement is most necessary. This should fall short of any direct military commitment, but in their different ways Admiral Ulusu and Dr Papandreou have both underlined that the West cannot afford to remain aloof.

STONE-PLATT COLLAPSE

Sad end of a bright star

By Barry Riley, Financial Editor

FOR THE THIRD successive year, March has proved to be a critical month for Stone-Platt Industries, the troubled engineering group. But this time the company has failed to survive.

Yesterday brought the sad end, tinged with bitterness, of a company which until quite recently was regarded as one of the brightest stars in the British engineering industry. To the last the company has been claiming that it is capable of pulling itself round. The collapse leaves the group's bankers and large shareholders still arguing over the rights and wrongs of the decision to let the group go to the wall.

On the two previous occasions the City of London had rallied round to keep Stone-Platt on its feet. In 1980, for instance, the banks agreed to reschedule loans of some £80m after the company had belatedly discovered that attributable losses and write-offs totalling some £17m in 1979 had rendered it in breach of medium-term loan agreements.

In March last year an elaborate £50m refinancing package was agreed after losses of some £15m had put the balance sheet further into trouble. Under the very close eye of the Bank of England the clearing banks, led by Midland, agreed to continue to support the company, and investment institutions such as Equity Capital for Industry and Prudential Assurance chipped in some £10m of new equity through a rights issue.

All this was on the basis of a forecast that Stone-Platt might be able to break even for the year 1981. Yet losses have continued, and including the capital write-downs resulting from the planned sale of its key textile machinery subsidiary, Platt Saco Lowell, the group was facing total attributable losses and provisions of over £20m in drawing up its 1981 accounts.

Yesterday recriminations were rumbling around the City over the failure of a final last-ditch proposal to save the company. The banks decided that they were not prepared to go along with a further capital reconstruction plan which involved, among other points, a second rights issue and the conversion of a part of the bank indebtedness into preference shares.

Stone-Platt was a proud engineering company with a long history. At the beginning of the century its Oldham factory employed 26,000 people.

In the 1950s the Platt Brothers textile machinery company merged with the electrical and mechanical engineering business J. Stone to form Stone-Platt, and later expansion moves included the 1973 purchase of Saco-Lowell, a sizeable U.S. textile machinery manufacturer.

In 1978 it was still a relatively large and diversified multinational group with sales approaching £200m in product lines ranging from textile machinery and railway equipment to pumps and marine propellers.

Its operations straddled a large number of countries, including the UK, the U.S., Spain, and India. At that time its balance-sheet was sound, though profits had been coming under pressure—with a drop from £15.8m pre-tax in 1976 to £9.5m two years later.

From that point, Stone-Platt entered a remorseless three-year slide to extinction. With the benefit of hindsight it can be seen that the principal reason was a catastrophic decline in the fortunes of the UK textile machinery business, compounded by the decision of the management to sacrifice the healthy parts of the group in order to sustain this central running sore.

In just over three years, from the beginning of 1979 to February 1982, Platt Saco Lowell (PSL) recorded total pre-interest trading losses of £10m. The remainder of the group, in contrast, produced overall profits of £14½m.

Yesterday Mr Leslie Pincott, the one-time Exxon oil executive who was brought in as chairman to save Stone-Platt in November 1980, spelt out the plight of the Lancashire textile machinery side.

"The problem was that the UK textile industry was in decline," he said. "Few of our products had a real home market." This was in marked contrast to the company's South Carolina plant, sited in the centre of the U.S. textile industry.

The Lancashire factories were forced to rely on exports to developing countries like Taiwan and Korea. And though the quality of PSL's machinery was high, competition against the mainly German and Swiss rivals in a declining market became cut-throat.

In 1980 the Stone-Platt board decided that capacity in Lancashire was three times as large as required. The Oldham plant was closed at the end of 1980, the Bolton factory was shut in July last year, and the remaining Accrington works was slimmed down.

By last summer, however, the recession in demand took a new and vicious turn. Orders fell away and, according to Mr Pincott: "Prices were tumbling disastrously to the lowest level quoted for a spindle in living memory."

'Prices were tumbling to the lowest level quoted for a spindle in living memory'

Even so a recent marketing effort had some success. Orders from countries like Korea and Indonesia boosted the level of outstanding business to a reasonable level, allowing the Accrington factory to go back on to full-time working.

But the costs of this reorganisation programme were enormous. Below the line write-offs of some £23m have been incurred, and profitable businesses such as the pumps side were sold off to keep down indebtedness.

At the end of it all, the Stone-Platt board was forced to the conclusion that it could no longer justify keeping PSL in operation even in its drastically slimmed-down form. According to Mr Pincott the Accrington plant might have broken even in 1982 "given a fair wind." But the costs of investment and development were such as to require an unacceptable cash outflow.

So in the middle of February Stone-Platt signed heads of agreement for the sale of PSL to an American buyer, John D. Hollingsworth on Wheels, for £12.75m. But far from being the salvation of the rump of Stone-Platt, this was the final move which toppled the group into financial oblivion.

The reason lies in the balance sheet impact of such a sale. The book value of PSL was just over £30m. Such a disposal would therefore have required a write-down of the order of £20m which would—as a post balance sheet event—have reduced end-1981 shareholders' funds from (in round figures) £40m to £20m.

The banks, however, have imposed very strict borrowing conditions on Stone-Platt. There is a 1:1 limit on the ratio of borrowings to shareholders' funds, and a money ceiling on total bank debt of around £40m. That facility would be reduced after any substantial disposals.

At the end of 1981 Stone-Platt's borrowings appear to have been some £30m, but have since risen to £34m and the banks were fearing that the total would reach—and perhaps exceed—£40m next month.

Further small closures were scheduled, involving more write-downs and provisions, and the clearing banks—which are again being led by Midland—considered that Stone-Platt's shareholders' funds were likely to fall to around £15m.

The clearers came to the conclusion that this capital base would be unacceptably small for a company which would still have needed facilities of approaching £30m. And this figure does not take into account ancillary facilities of perhaps £20m in respect of foreign exchange and export bonding.

This explains the company's last desperate search for assistance from its major institutional shareholders. These are Equity Capital for Industry (owned by insurance companies and pension funds) and Finance Corporation for Industry (owned by the banks) together with two individual institutions, Prudential Assurance and the unit trust group M and G.

A capital reconstruction was proposed which involved the writing down of the interests of the existing Ordinary shareholders, the conversion of the existing Preferred Ordinary into Ordinary, and a rights issue of Ordinary shares.

The banks were requested to convert bank indebtedness into Preference capital to the same amount as would be raised by the rights issue. They were also asked for £30m of direct borrowing facilities and £20m of ancillary facilities.

According to Stone-Platt's statement yesterday the institutional shareholders "agreed in principle to enter into further commitments and expressed their willingness further to assist the group."

The banks, however, seem to have been sceptical of the value of such an assurance. The money would not actually have been put up until next autumn, and in the meantime the banks would have been bearing the risk of any further worsening in Stone-Platt's trading or cash position. For instance, important orders at the group's Ernest Scragg subsidiary have also been deferred until the autumn.

A suggestion by the banks that the institutions should put up subordinated debt capital immediately does not appear to have met an enthusiastic response.

A year ago the banks and institutions co-operated successfully in a rescue package of a kind which previously was almost unknown. It was one of a series mounted at about the same time, involving companies such as Weir Group, BPC and Duport.

Now, however, there is an air of bitterness as the banks and the long-term institutions seek to avoid the blame for finally bankrupting Stone-Platt.

Mr Pincott, who in little more than a year has presided over a fall in the number of separate plant locations from 52 to 20, and a drop in the number of employees from 14,000 to less than 7,000, in the group's quest for viability, was fighting back tears yesterday as he described his reactions to Stone-Platt's final collapse.

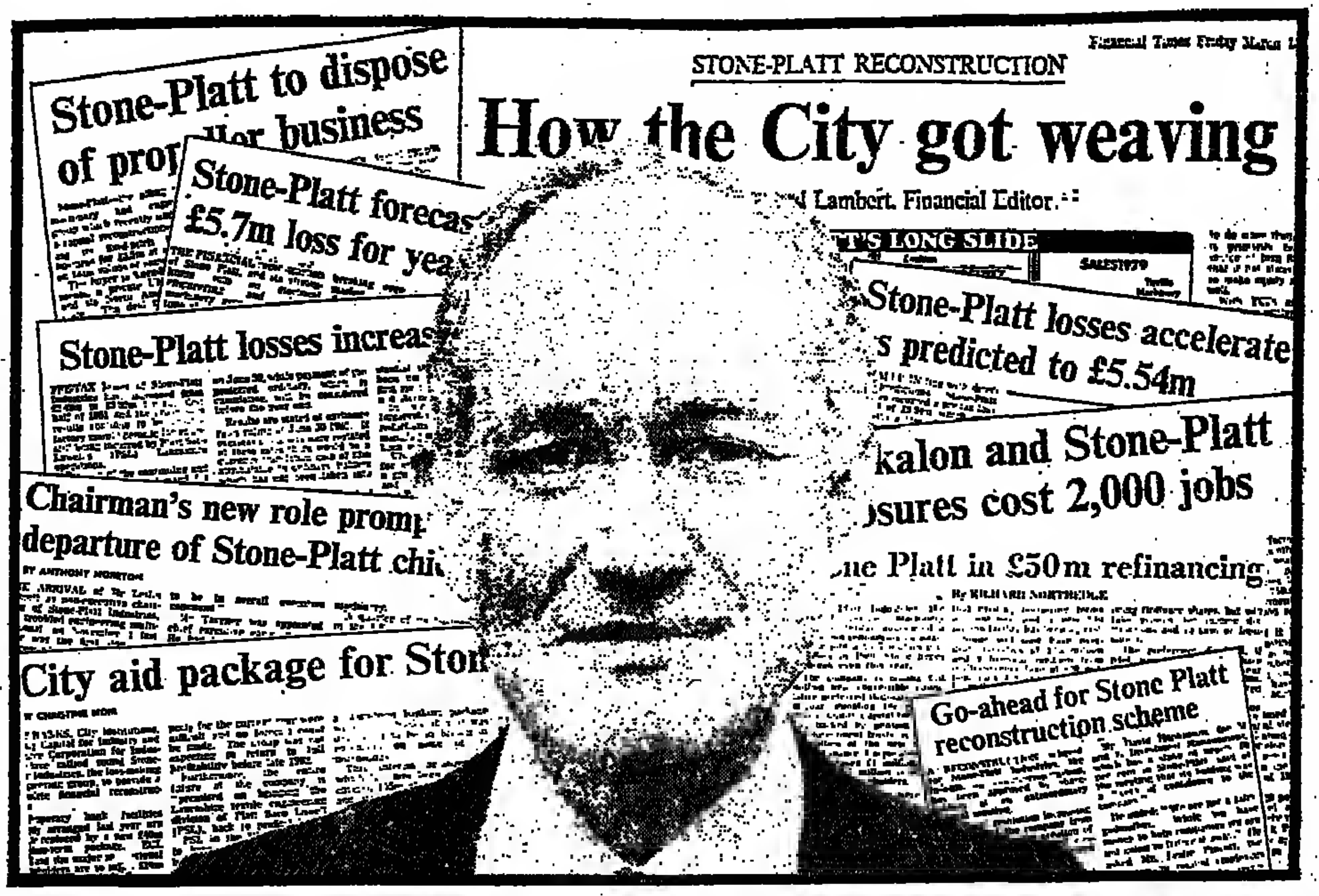
"I understand the banks' point of view," he said. "But it was an enormous shock to the Board and the senior management to hear that the banks have not felt able to accede to the company's plans. I thought we could see the light at the end of the tunnel."

He expressed his concern about a system which could allow a group like Stone-Platt to fail. Support was channelled to small companies and big nationalised industries. "Medium-sized companies have to fend for themselves," he observed.

In fact the placing of Stone-Platt into receivership could be seen as no more than the final stage of a process of orderly run-down and liquidation which has been proceeding for three years.

The receiver will hope to complete the sale of PSL to the American buyer, and strong interest is expected in the railway equipment operations, which only on Wednesday night secured a £5m order from the New York subway, and altogether boast a £55m order book.

Some of the parts will live on, but Stone-Platt is dead. In the words of Mr Pincott yesterday: "It's the end of the road for a fine British engineering company."



Stone-Platt chairman Mr Leslie Pincott: "The end of the road for a fine British engineering company."

Men & Matters

Digging deep

As you might expect from a mining company, I suppose, Lonrho South Africa usually keeps its head well below ground. But signs of ructions in the boardroom have been surfacing these past few days.

Staff of the Johannesburg company—one of the group's biggest profit contributors—got the first glimpse of trouble in a circular from chief executive Syd Newman. This informed them that he had "proceeded on retirement" the previous day "and therefore ceased to be chief executive."

"Not even giving us time to buy him a clock," as one staffman put it. But his concern was short-lived. A second memo from Newman the next day told his bewildered employees that Tiny Rowland had refused to let him go and "has instructed me to remain as chief executive in South Africa and as chairman and managing director with a clear mandate."

Local Lonrhologists who have been digging into the affair reckon that Newman was piqued by the appointment earlier this month of his deputy, Tony Lee, to the group's main board in London, an accolade not yet awarded to Newman.

Rumour at the time had it that Lee was to be used to remove the outspoken Newman from his position in the company.

Rowland's blessing should come as a relief, then, to the former Rhodes Scholar and Barbarians and England Rugby player. For he has other troubles at the moment.

Earlier this year, Skyways Sapro, a suitcase manufacturing company of which he is a director and his wife the only shareholder was put into liquidation with assets of about R1.2m (£645,000) and liabilities of R2m (£1.1m).

"I suppose you could call it a simulated prosecution!"

Papal bill

The vicissitudes of the secular world are making themselves felt in the rarified spiritual climes of the Vatican.

The Pope, I hear, is getting well into the red, and the Holy See's workers are giving him a labour headache.

Luckily, contributions from the faithful around the world have covered the Vatican's undisclosed—but huge—debts until now. But the ravages of Italy's 20 per cent inflation rate combined with an expansion of church activities, mean that the Holy See faces a record deficit of L86bn (£17.6m) this year.

That announcement was made by a recent special meeting of Cardinals, who discussed ways of restoring the Vatican to financial health.

Meanwhile, 1,630 Vatican employees are threatening to strike unless they get higher pay and better fringe benefits.

The Pope has said that he hopes the dispute can be settled by "mutual and equitable understanding."

Taylor made

What are we to make of the latest musical chairs at the top of Manufacturers Hanover, America's fourth largest bank? Has Yorkshire's Harry Taylor won the battle for the number two job?

When John McGillicuddy took over as Manny Hanny's chairman three years he took the title of president with him and designated the two contenders for the post—John Torell and Harry Taylor—vice-chairmen. Ever since then, there has been speculation about who would eventually take over as president.

McGillicuddy appears to have ducked the issue, by appointing Taylor to the job of president of Manufacturers Hanover Corporation and Torell to the presidency of Manufacturers Hanover Trust company. The two men will have "co-existent responsibility" in the general management of the corporation and the trust company.

That said, seasoned "Manny Hanny" watchers believe that our lad from Guisborough has the marginally senior position, being president of the quoted public company. However, Torell supporters note that their man is 10 years younger than Taylor, and can look forward to the inheritance when McGillicuddy retires.

Numbers game

The Treasury is gathering more economists to its fold than ever, according to the latest figures on the professional financial boffins the Government employs.

With 65 out of 379½—obviously some departments employ the proverbial one-handed economist described by the late Dr Schumacher—the Treasury has restored its supremacy as top employer of economists over spending ministries.

It fell behind 10 years ago, when there were only 54½ in Great George Street, compared with 64 in the mammoth spenders of Environment / Transport. Now the latter have to manage with 56½.

Other major destinations for economists are the Department of Employment and the Manpower Services Commission with 21 and 15 respectively.

The Government's rather confused policy on mergers and monopolies may be attributable to the fact that the Monopolies Commission has boosted its economic staff from nil to nine.

An even more sobering moral may be drawn from the fact that the number of government economists has increased by 51 per cent from 250½ during the past decade, while gross domestic product has risen by less than 15 per cent over the same period.

Jail bird

A court in Michigan is in a curious dilemma—it can't make up its mind whether to send Ricardo Ellington to a prison for men or for women.

This is because Ricardo—who prefers to be called Raquel—is half way through a series of sex change operations which have left him or her female above the waist and male below.

Ellington's lawyer wants his client, who admitted possessing stolen women's clothing and "obstructing a police officer by disguise" when dressed as a woman, sent to a women's prison. But the judge says he can find no legal guidelines to help him decide. An authority on gender identification from the Mayo Clinic in Rochester has now been called in to testify.

Observer

POLITICS TODAY

If the SDP were a restaurant...

By Malcolm Rutherford

"IF YOU could imagine the Social Democrats going on holiday, where would they go?"

The answer used to be Venice, but the slightly bad news for the SDP is that nowadays the answer tends to be Cornwall. Both are uplifting, splendid places, "morally sound" in their different ways. Yet there has been a change of image. Going to Venice is associated with success. Cornwall is associated with honourable failure, with the Liberal Party, almost.

Some findings on why people flocked to the SDP at the start are being presented to the annual conference of the Market Research Society in Brighton—definitely not an SDP sort of place—this morning. There is also some explanation of why support has recently been failing away.

The work has been done by Cooper Research and Marketing (CRAM) which decided, on its own initiative, to apply some of its market and consumer research techniques to politics.

By any standards, the techniques are unusual. They rely heavily on psychology and getting people together for three or four hours at a stretch in what are known as Extended Creativity Groups (ECGs). A group consists of about eight to 10 people who are first asked to express their views and feelings by drawings. They are also asked to respond to questions by the use of analogies and metaphors. Then they start talking.

When applied to politics, the principle is to transform each party into something else in order to get at its inner properties. Here are a few examples. "Suppose the SDP is a restaurant. What food would it serve? What would the service be like?" "If the Labour Party is a bed, what would it be like to sleep on?" "What would the Conservative Party be as a texture?"

The list could be extended indefinitely, almost like a party game. But the point is that people know how to play it and they understand, however dimly, the psychological implications. A woman in North London insisted that she had always voted Labour and always would, but she wouldn't draw it. It emerged that she feared that if she put the felt-tip to paper something bad would come out in what she really thought about her party. She wanted to suppress it.

So much for the general approach. CRAM began its research last year when the SDP was riding ever higher. It concentrated on St Pancras North, Camden and Croydon North-West which elected the first SDP-Liberal Alliance candidate to Parliament in Mr Bill Pitt.

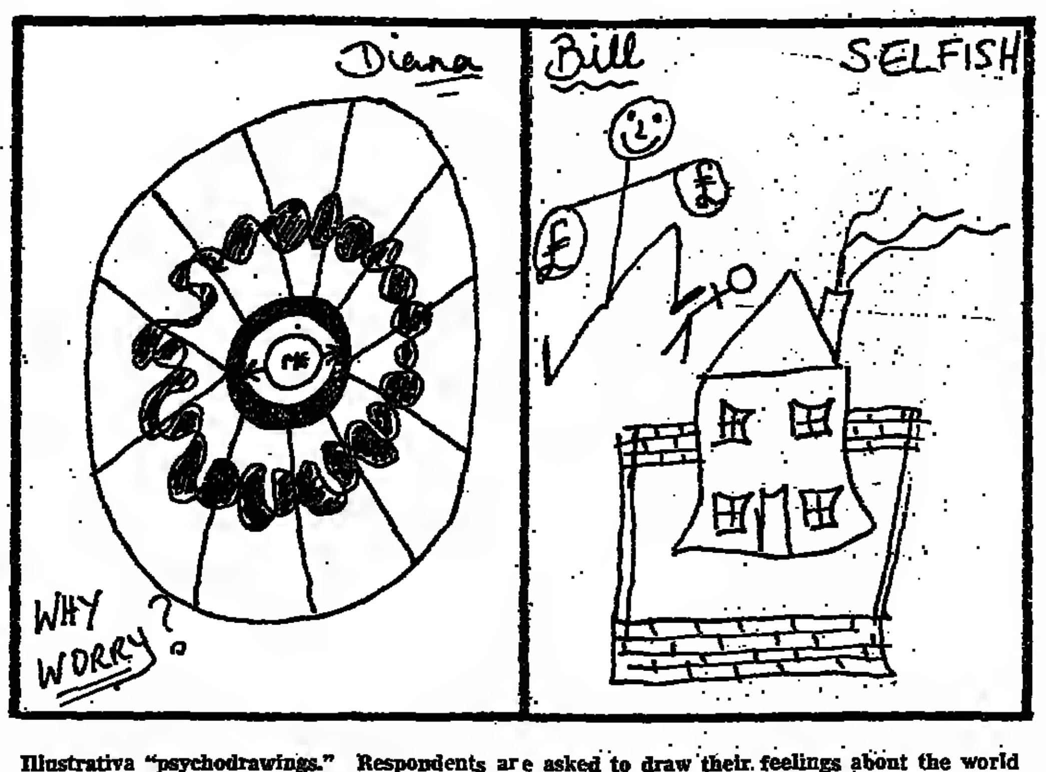
The sample was confined to people who had voted for an Alliance candidate in a local or parliamentary by-election. There was a mixture of past voting records, and party activists were excluded. The socio-economic grouping was C1-C2, which means, broadly, lower managerial and skilled manual workers who form about 60 per cent of the electorate. In other words, they are the people that have to be won by any party seeking power.

The aim was to diagnose why people think as they do about politics rather than to make predictions. But the findings have a certain predictive value. They indicate that unless the SDP leadership can regain momentum — and the fate of Mr Roy Jenkins in the by-election in Glasgow, Hillhead next week is a case in point—they are in danger of losing some of their original support.

At the start, there was a kind of SDP fever. Much of the support, however, was emotional, a kind of moral uplift. But there was also a feeling of embarrassment, even of guilt, at deserting the established parties and at seeing politics in such idealistic terms when the tendency over the years had been to become cynical about what politics had to offer.

The initial images of the SDP were that it serves plain cooking, is wholesome, is good at team games, shops at Safeways ("more choice than Sainsbury's"). It was seen as rather less "healthy" than the Liberals, but in the same mould.

It was under that same group of questions that people were responding when they thought the SDP members would like to take a holiday in Venice, but have now switched to Cornwall.



Illustrative "psychodrawings." Respondents are asked to draw their feelings about the world and themselves. The theory is that, expressing themselves non-verbally, they can avoid language constraints. They explain what they are trying to say later

It has also emerged that SDP supporters are a strange mixture of idealists and depressives. Some think that the arrival of the new politics is a natural development which will lead on to power; others see it as a sort of substitute for religion; and yet others believe in their hearts, that it will go the way of Liberal revivals in the past.

Group members were asked to write an SDP obituary. Here is a depressive reaction: "RIP the SDP—which tried hard but achieved little. It offered solace and optimism, which will be remembered but soon forgotten. They were just too nice."

Here is someone who thinks of him or herself as a realist: "The SDP failed through the recommitment of the Labour Party to think of people instead of itself and the Conservatives to see the danger."

And here is the religious fervour. One member of a group refused to write any obituary at all, saying simply: "I believe . . . I BELIEVE."

The guilt element came out in expressions of betrayal of the party which people had previously voted for, whether Tory or Labour. These participants talked about "returning to the fold" at the next general election.

There also appears to be a divide among SDP supporters between those who think that it is a virtue that their party should have very few specific policies and those who want policies on particular issues. Apart from the fact that specific policies give rise to potential disagreements among the wide-ranging body of supporters, the CRAM research notes that some of them "strenuously reject policies as the language of the SDP. Policies are felt to take the movement away from them and back into the hands and mouths of politicians."

The conclusion must be that while support for the SDP is widespread—regionally, psychologically and socially—there is as yet no homogeneous base. The sentiment can drift very quickly, and the attachment to the old parties takes a long time to die.

So where does the SDP go from here? Obviously much depends on Mr Jenkins and Hillhead. But Scotland is a special case. It already has its own third party in the Scottish Nationalists. If Mr Jenkins loses, it will be a setback, but not necessarily a fatal blow.

One of the SDP's problems is that the party became used to living at fever pitch. The Gallup Poll in the Daily Telegraph last December gave the Alliance just over 50 per cent of the national vote. The same poll yesterday put them back at 33 per cent.

But 33 per cent is still very high. The Alliance could still flourish at that sort of temperature. Yet, having initially taken support from a very broad base, the leadership will now have to say rather more about what sort of party the SDP is meant to be and what is the future of the Alliance.

* * *

The other political contribution to the Market Research Conference came from Mr Robert Worcester of Market and Opinion Research International (MORI). One of the first political polls in Britain, he said, had taken place just before the war. The question was whether people were satisfied with Mr Neville Chamberlain as Prime Minister. As many as 57 per cent said "yes." That was in October 1938. The satisfaction rate with Mrs Thatcher in this week's Gallup Poll was 34 per cent, and as low as 25 per cent last December.

There is a fierce argument going on about the merits of political polling by telephone as happens in the U.S. and is now being practised in Hillhead. In Britain it still seems to be risky because of the relatively low level of telephone penetration—that is, the number of households with a telephone.

Mr Worcester produced figures to show that in Croydon North-West penetration was 88 per cent, but in Warrington—where Mr Jenkins failed to win a by-election—only 61 per cent. Telephone owners tend to be Tory or, if not, Social Democrat—Liberal. A telephone poll in Warrington would have suggested that Mr Jenkins was winning hands down.

According to British Telecom, the figure for national penetration is now 75 per cent. The figure for Hillhead is 77 per cent. So maybe the telephone polls which first began to suggest that Mr Jenkins is in trouble are more accurate than usual. We shall see next week.

Meanwhile, that assumption about telephone-owners not being Labour tells one a great deal about the relationship between class and politics in this country. So do the CRAM findings about people thinking of "returning to the fold."

The old politics are breaking down, but there is an awful lot of residual resistance.

There is the old Liberal theory—before the Alliance—of "three steps forward, two steps back. We shall get there in the end." It is very much in the mind this week.

Lombard

West Germans and detente

By Stewart Fleming in Frankfurt

SOME 800 West German companies are displaying their wares at the Leipzig Fair, the East European Communist bloc's annual East-West trade jamboree. At the same time the U.S. is telling its European allies that the time has come to tighten the economic thumbscrews on the Soviet empire by another notch through "hard currency diplomacy"—curbing the flow of Western credit to the East.

Much more than money, trade and jobs lies behind this contradiction, although it is often in these terms that American commentators tend to characterise the reluctance of Germans to share U.S. enthusiasm for economic sanctions against the Soviet Union. The key factor is the changed and changing attitude to the East-West divide of the West German people.

It is painfully clear—and the strength of the peace movement in West Germany is one item of supporting evidence—that the burdens which a new cold war would place on this people would not be so readily accepted as they were 20 years ago.

On the contrary a return to cold war would deepen divisions between different segments of German society at a time when there is already a growing crisis of confidence in West Germany's political leadership, embracing not just the Government but also the trade unions and other institutional structures.

While Americans, living 3,000 miles away, may feel that the process of detente can be turned on or off like a tap, in Germany some of the changes wrought by detente are reversible only at a very high price. West Germans have become accustomed to living with a more relaxed atmosphere along the East German border, a border which for millions is no more than a few dozen miles away. They have been accustomed to visiting their relatives across that border, relatives who are Germans too and not as some Americans would like to think, first and foremost "Communists."

Indeed many Germans, young and middle-aged, speak today of a growing sense of cultural identity with East Germany.

Such a bold statement needs to be carefully qualified, for misunderstandings are all too easy. This is not a re-birth of German nationalism, nor does it mean that re-unification of the two German States is much nearer today than it was say ten years ago.

A clue to the change in mood lies in the comment of a young German political aide in Bonn who remarked privately a few weeks ago: "I was not responsible for the atrocities of the Hitler era. I am responsible to see that they do not happen again." An extraordinary amount of West German television time is devoted to the Hitler period and the crimes the Nazis committed.

In coming to terms with the nightmare, younger Germans in particular are finding it easier to journey back into German cultural history before the Nazi period to discover roots that were not poisoned by genocide and war. This journey out of the shadow of the Hitler period modifies perceptions of the relationship between the people of the two German states from that formed during the continuing conflict between East and West in the post-war period.

Arthur F. Burns, the U.S. Ambassador in West Germany, and former chairman of the Federal Reserve Board, highlighted the change in a speech in Bonn last December: "It is important that the American public understand that much of what is described by the Press as anti-Americanism is simply a search on the part of sensitive young people for their identity in a troubled world, and that even where anti-Americanism actually exists it can rarely be equated with pro-Sovietism," he said.

It is against this background of a search for national identity in West Germany that the Reagan Administration must formulate its policy in relation to East Europe. This policy must now embrace more than the old "detente" argument of whether a stick or a carrot is likely to produce the changes in Communist societies which the West would like to see.

Letters to the Editor

The notorious injustice of taxing capital losses

From Mr D. Kidd

Sir,—I agree with Mr S. Dow (March 11) in criticising the Chancellor of the Exchequer for his half-hearted measures to remedy the notorious injustice of taxing as capital gains the capital losses caused by the policies of monetary debasement pursued by successive governments.

For those who find it literally "intolerable . . . to he permanatnly condemned to pay tax on *gains that are apparent* hut not real" (the Chancellor's words) some satisfaction may be obtained by challenging the Revenue's claim to assess tax on unreal gains. One public-spirited taxpayer took this step some time ago and failed in tha High Court on what were essentially the technical minutiae of the relevant provisions governing the computation of gains for tax purposes but since that case the House of Lords has had to consider the approach to the general question as to how gains and losses are to be computed. Lord Wilberforce has stated (**Aberdeen Construction Group Limited v. IRC**, referred to with approval in the **Ramsay/Rawling** cases): "The capital gains tax is of comparatively recent origin. The legislation imposing it, mainly the Finance Act 1965, is necessarily complicated, and the detailed provisions, as they affect this or any other case, oiust of course be looked at with care. But a guiding principle must underlie any interpretation of the Act, namely, that its purpose is to tax capital gains and to make allowance for capital losses, each of which ought to be arrived at on normal business principles. No doubt anomalies may occur, but in straightforward situations . . . the courts should hesitate before accepting results which are paradoxical and contrary to business sense. To paraphrase a famous cliche, the capital gains tax is a tax on gains; it is not a tax on arithmetical differences."

The question is, therefore, to what extent this principle can be relied on to resist Revenue claims to tax the "arithmetic differences" prodnced by inflation but referred to as "gains" on assessments. I do not know the answer. But if there is anyone who can afford to lose his case and feels the injustice cannot pass unchallenged there is perhaps a possibility of finding a judge prepared to act on the words of Earl Loreburn in **Drummond v. Collins** "Courts of Law have cut down or even contradicted the language of the Legislature when on a full view of the Act, considering its scheme and its machinery and the manifest purpose of it, they have thought that a particular case or class of cases was not intended to fall within the taxing clause relied upon by the Crown."

David J. Kidd
41 Whittington Road, N22.

From Mr A. Shedden

Sir,—In his Budget article (March 11) Samuel Brittan states, "The indexation of capital gains tax has removed one bar to indexed corporate bonds. The remaining obstacle is that corporation tax is levied quite unreasonahly on the indexation element in capital repayments." If by this Mr Brittan means that the increases in capital repayments cannot be set off against taxable profits what is unreasonable abont that? Rather, is it not unreasonable that a corporate borrower can obtain tax relief on the whole of the interest payments under non-indexed bonds even though, at current inflation-induced rates, the major part of the interest is to compensate for reduction of capital in real terms? The lender's position is correspondingly unreasonable, for he must pay tax on the whole of the interest receipts on non-indexed debt whereas he can now boy an index-linked gilt and not be taxed on the capital increases.

I find it interesting to note that the Revenue's attitude to index-linked purchased life annuities is curiously at variance with its treatment of indexed debt, for up to now it has ruled that the indexed increase in annuity payments should be treated as interest for tax purposes. Such anomalies must surely be challenged now that the Budget has moved us one step towards index-linking the tax system. Unfortunately there are still several more steps to be taken before the tax system, as it affects both corporations and individnals, can he correctly adjusted for inflation.

Alex D. Shedden.
P.O. Box No 62,
3 George Street,
Edinburgh.

From Mr D. Lindsay

Sir, — As Rosemary Burr pointed out (March 13) children with wealthy enough grandparents can benefit to the extent of over £1 per week from the budget changes, in addition to the 60p increase in child benefit.

When will we hava a Chancellor who will rid us of this scandalous anomaly and either (if he is a Socialist) use the resultant saving to increase child benefit, or (if he is a Conservative) apply the saving where it is most needed, namely, in part, in increasing supplementary benefit to families at the lower end of the income scale and, in part, in restoring tax justice to tax-paying families by bringing back tha child tax allowance?

David G. Lindsay.
36, Orchard Coombe,
Whitchurch Hill, Reading.

A political strategy

From Mr P. Wright

Sir,—As Mr Brittan (March 11) retreats further and further into the pre-Keynesian past, it becomes clearer and clearer that the monetarist cure for inflation is no more than a guise for creating the conditions under which the self-regulating mechanisms of the capitalist system can come to the fore and bring about a reduction in the real wage, redistrihuting income in favour of capital.

In the best of all monetarist world's where competitive markets reign supreme and expectations about the future rate of inflation immediately adjust downwards in line with a contraction in the money supply, the real wage will remain the same (the familiar Keynesian point) and the only pricing into jobs will occur will he with respect to international competition (assuming that the competition is not also enjoying the best of all monetarist worlds).

While under these circumstances the battle against inflation would have been won in true monetarist fashion, this would clearly not he enough for Mr Brittan or the Government because the real wage would not have heen redneed. In other words, the real concern is to reduce the rate of inflation while resolving the conflict over the distribution of income decisively in favour of one of the main protagonists (the minority who make *investment decisions* which affect us all).

A monetarist strategy has therefore heen used to provide both the means of achieving a reduction in the real wage and ammunition for right-wing intellectuals and commentators to argue the case for such a reduction on behalf of those who require it. It was patently obvious when the Government came to power that expectations would not adjust downwards fast enough to be in line with attempts to control the growth of the money supply and that, therefore, according to the tenets of monetarist theory, there would be a short-term (sic) trade-off betwaen wages and output/employment. So, we have a level of unemployment which is higher than it otherwise would have been, exerting downward pressure on the real wage, and Mr Brittan is ahle to argue that wages are too high.

Monetarism clearly remains more of a political than an economic strategy.

Philip Wright.
University of Sheffield,
Broomspring House,
85, Wilkinson Street, Sheffield.

Travelling light

From the Technical Editor, Modern Railways.

Sir,—Had Mr A. J. Lucking (March 13) checked his facts he could have saved himself the effort of wondering about railway passenger coaches. Far from weighing three tonnes per passenger, the British Rail Mk 3 coach can carry 80 passengers for a weight of 33 tonnes—less than half a tonne per passenger despite carrying around two flush toilets and luggage storage space. Certainly this is heavy compared with a road coach, but the railway vehicle has to meet severe collision loading specifications. As for Mr Lucking's "tortured squealing noises en route"—has he travelled in a high-speed train lately? *After* five years of 125 mph operation on British Rail the indications are that it is the heavy axle-load freight train which is the determinant of track wear not the passenger train.

Roger Ford.
8 Russellcroft Road,
Welwyn Garden City,
Herts.

Powerful K factors

From Mr R. Bullen.

Sir,—Mr Griffin (March 16) has a different interpretation of "K" to the one I hold. I have always thought that "K" came from the world of mathematics and computers and stood for 2 to the power 10 i.e. 1024.

If I am right, the holder of the job with a "15K" salary should be entitled not to £15,000 but £15,360 and surely any Chancellor of the Exchequer would use "K" in his financial estimates, having a greater need of obfuscation than most others!

R. C. Bullen.
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Orpington, Kent.

UK COMPANY NEWS

GKN's profits increase to £34.6m

A PRE-TAX profit of £28.2m in the second half of 1981, compared with a loss of £37.4m in the same period of 1980, enabled Guest Keen and Nettlefolds to produce a full-year surplus, before tax, of £34.6m, against a deficit of £1.2m previously.

At half time, the group returned a taxable profit of £6.4m (£36.2m) which was after charging £6.7m redundancy costs. The directors said then that any further improvement in results would reflect the benefits flowing from the actions taken in the UK during 1980 and on a reduced scale in 1981, together with the continuing strength of GKN's overseas side.

Following the unchanged interim dividend of 4p net, the group is maintaining the final at 4p for a total of 8p (same) per £1 share.

The directors say that the current economic and market trends do not yet provide a firm base for optimism about 1982. The recession is not over and much capacity remains under utilised.

However, the work of restructuring GKN will continue. The achievements of the past two years provide positive evidence of the group's ability to react to difficult and rapidly changing circumstances, they state.

Turnover for the year showed a slight fall from £1.92bn to £1.85bn, but trading surplus—after charging depreciation of £55.9m (£47.8m)—increased by £31.7m to £94.2m.

Interest payable rose from £47.6m to £55.2m, while redundancy costs on on-going activities took £11.7m (£35.8m). Investment income and interest receivable improved from £2.6m to £3.3m, while share of associates profits was down £3.1m at £4m.

HIGHLIGHTS

Lex reviews the crash of Stone-Platt where a receiver was appointed yesterday morning after several days of rumours that the company was in serious troubles. The column then moves on to comment on the full-year figures from Guest Keen and Nettlefolds showing a continuation of the recovery after the losses suffered in 1980. Lex then briefly looks at the full February money supply figures which show £2bn of bank lending but no change in sterling interest rates. Elsewhere it was another busy day for company results with Steetley announcing slightly lower full-year profits at £17.3m, along with the news that it is selling its Australian chemical business to Harrisons and Crosfield.

Tax charge decreased from £32.3m to £27.5m, and after debiting minorities of £6.5m (£6.6m) the group's earnings for the year were £0.6m, compared with losses of £40.1m.

There were also extraordinary debits of £24.9m (£43.8m) of which redundancy costs in discontinued activities accounted for £8.3m (£21.8m).

The directors say that generally, economic and market conditions have been no assistance during the year and the automotive and construction markets in particular remained depressed. In the UK the bottom of the cycle was probably reached in the second quarter but subsequent months showed very little improvement in demand.

Reorganisation of the group's UK activities has continued and there was a further reduction in the work force of some 14,000. Of these, almost 4,000 were employees of companies now part of Allied Steel and Wire and just under 10,000 were redundancies, of which some 5,000 had already been provided for in the accounts for 1980.

Overall results of group companies outside the UK improved. Those in Europe, mainly linked to the automotive industry were lower, but in North America, Asia and South Africa trading surpluses increased substantially.

Sales to the U.S. grew significantly with the bringing into production of new factories in North Carolina and the progressive development of automotive accessories and replacement parts distribution.

Capital expenditure in 1981 was £84m, of which £43m was in the UK.

Despite the substantial sums which have been absorbed in retrenchment—£37m (£73m)—and in the development of ongoing businesses, there was a positive cash flow and total borrowings were contained, reflecting stringent control of working capital and increased operating efficiencies.

In current cost terms, the 1981 pre-tax profit was £7m (£32m loss).

Sir Trevor Holdsworth, the chairman, said yesterday that given the current level of demand it was "not unreasonable" to expect the results for the first half of 1982 to be similar to those of the second half of last year.

Although 1981 figures showed a turn round from losses, Sir Trevor said "it is still an unsatisfactory overall result and that is what we are putting right."

Over the past two years GKN's UK work force had come down from 69,000 to 42,000—a reduction which he said represented an annual saving of some £140m.

Sir Trevor admitted there would probably be some more redundancies this year, but said it was very unlikely they would be on the scale seen in 1981. To date this year the group had announced just over 800 redundancies.

GKN was projecting capital spending of between £80m and £100m for this year—about the same as 1981.

The split was expected to be roughly 50-50 home and abroad, although the completion of some existing programmes could see the balance slightly more in favour of overseas.

Helping profits last year was an exchange gain estimated at £2m and £3m at the pre-tax level.

The group's UK autoparts business was still losing money, but the chairman said that GKN had no other major loss-making areas at present.

Although the group was still waiting to see firm signs of a UK upturn, Sir Trevor emphasised it would not need an enormous growth in the UK economy to achieve a "considerable improvement" in its results.

Target for the UK operations was a return of 10 per cent on sales, and 20 per cent on assets.

GKN, a big contributor to Tory party funds, made an unchanged payment last year of £15,000.

See Lex

Supra well ahead in second half

A SUBSTANTIAL improvement in results was predicted for the full year at Supra Group last September and second-half profits to November 30 1981 have pulled ahead from £162,000 to £385,000.

Taxable profits for the 12 months for this manufacturer of motor components, noise control products and paints improved by £233,810 to £637,727.

Turnover for the first quarter of 1982 is running ahead of the same period last year, say the directors, and they expect this trend will continue for the full financial year. Turnover for the 12 months under review was similar at £9.68m, compared with £9.52m. UK turnover was £1.11m against £1.33m.

The final dividend has been held at 1.25p which repeats the total at 2p. Earnings per ordinary 10p share are shown to have risen from 2.71p to 3.64p. A scrip issue of one-for-ten is proposed.

The directors say that strict control will continue to be exercised over group affairs, but advantage will be taken of sound investments, should they be found, in order to increase business.

Depreciation charges were £263,217 (£252,729). Tax rose from £70,723 to £179,416. At the attributable level the result improved to £478,309 (£359,297). Dividends absorb £264,324 (£262,184).

● comment

Supra's recovery is largely thanks to reduced borrowings. The interest charge nearly halved in the year, bringing down income gearing from 46 per cent to about 22 per cent. Trading profits in the period advanced by only 7 per cent and the company sees little evidence of a more solid recovery coming through. The group's motor-car component business is pinned to the replacement and D.I.Y. trade, which has been less damaged by the recent slump than the motor industry as a whole. Supra's ability to keep its head above water in this field has prompted a search for an addition to this side of the business. It has lined up credit facilities of up to £10m to back such a move, but says no prospects are yet in hand. Despite the group's careful cash control, a recovery this year to the 1979 peak of £1m appears unlikely. The shares, up 1p to 53p, look pricey on a fully-taxed historic p/e of over 21—the name Quinton Hazell apparently carries some magic still. The yield is 5.5 per cent.

Sedgwick climbs by 36% to £56.4m and pays more

PROFITS before taxe of Sedgwick Group, insurance and reinsurance broker and underwriting agent, rose by 36 per cent from £41.57m to £56.44m for 1981, with second-half figures ahead from £18.67m last time to £27.34m.

The board estimates, however, that the year's taxable profits might have been about £8m lower if the international value of sterling had not decreased during the year.

Stated earnings per 10p share were ahead from 10.1p to 13.4p and the dividend for 1981 is being lifted by 1p to 6p net with a final of 3.75p (3p).

Revenue totalled £168.81m, compared with £135.1m, and the board says this 25 per cent increase highlights the encouraging amount of new business which had been acquired worldwide.

The group's brokerage income, which would have been higher but for the continuing effects of low insurance rates for most classes of business throughout the world, has also benefited from the favourable exchange rates existing during the latter half of the year.

Interest earnings were higher than in 1980, partly as a result of beneficial international interest rates. Expenses rose from £96m to £116.6m. Group pre-tax profits included £4.28m (£2.43m) from its insurance companies.

Tax charge increased from £19.96m to £27.65m and after minority debits of £158,000 (£90,000) and extraordinary credits of £1.42m (£655,000 debits) group earnings for the year showed an advance from £20.86m to £30.02m.

Dividends absorbed £12.82m (£10.6m) leaving a retained balance of £17.2m, compared with £10.26m.

Current cost accounting reduces 1981 taxable profits to £54.86m (£38.86m).

● comment

All sorts of things were expected of Sedgwick yesterday, but none of them had to do with profits. By the day's end, a rights issue had not materialised, a U.S. acquisition was not announced and rumours of a dawn raid were apparently discredited by the market which left the shares unchanged at 150p. In the event, Sedgwick's profits confirm that the group is more than holding its own in the realigned transatlantic market. Expenses have been contained; they work out to 69 per cent of revenue for 1981, against 71 per cent in 1980. Sedgwick's doesn't give much away in its financial statements, but the group is mainly benefiting from stronger overseas business and its ties to large industrial accounts, such as the oil rig business. The company says the UK brokerage business remains dull, but it appears that Sedgwick has managed to push up its UK market share nonetheless. The market is expecting around £62m in the current year. This gives the shares a prospective fully-taxed p/e of around 10½, which is cheap for the sector. The increased dividend indicates a yield of about 6 per cent.

KCA Drilling tops forecast

IN ITS first results as a separately quoted public company, KCA Drilling Group reports taxable profits for 1981 of £5.84m. This compares with a prospectus forecast of £5.2m and with £3.49m for 1980. Turnover is up from £16.85m to £26.95m.

In line with the offer for sale document, a final dividend of 1.875p per 25p share will be paid. Earnings per share are stated as 7.565p.

Mr Paul Bristol, chairman, says the pre-tax results are well ahead of those for the previous year and exceed the forecast contained in the offer for sale prospectus by 12.26 per cent.

He says the company's contracts offshore in the North Sea and onshore overseas are progressing well and its drillship the "Polly Bristol" under contract to CAMPSA offshore Spain is progressing as planned.

New contracts were gained in 1981—the most significant being the drilling contract for Mobil's Beryl "B" platform. This and the existing contracts including the Beryl "A" platform and others being negotiated are expected to contribute to the company's continued expansion.

Overseas tax took £2.2m (£1.23m) and irrecoverable ACT took £161,000 (nil) leaving profits attributable to shareholders of £3.43m (£2.26m).

Current cost profit is £5.1m compared with £3.29m.

● comment

The market debut of KCA Drilling, early in July, was not a success. One-third of the issue had been left with the underwriters and, having gone immediately to a discount on the 95p offer price, the shares sank as low as 38p in the market turmoil of the autumn. At that price, the company was capitalised at around half the delivered value of its newly commissioned drillship. Things have improved since then; the appraised value of the "Polly Bristol" at delivery was about £61m (at today's $ exchange rate), while the KCAD now weighs in at £41m. The company has made its earnings forecast with something to spare—after getting nearly three months' work out of the drillship—and has paid the advertised dividend. The rate of exploration is too low to encourage great hopes from North America this year, but drilling is still going profitably ahead in Pakistan, Turkey and Libya. Given a full year from the drillship earnings should go quite smartly ahead but at 61p—an historic fully-taxed multiple of almost 15—the shares adequately discount KCAD's prospects.

Britannia Arrow 45% higher at £4.2m

A 45 per cent increase from £2.86m to £4.17m in pre-tax profits is reported by Britannia Arrow Holdings, financial services group, for 1981. Turnover soared from £76.13m to £127.33m.

The directors say they have pursued a policy of balancing income against profits on disposal of such investments, and the success of this policy is reflected in the extraordinary credits—£5.43m against £5.48m—and in the increase in assets per share.

Had they concentrated on achieving a higher level of income, this would have led to a greater increase in pre-tax profits and earnings per share. They say this option remains open.

On November 26 1981, Britannia disposed of its investment in Mercantile House Holdings, the financial services and money broking group, for £8.3m. The shares had been held for more than two years and had increased substantially in value.

The board considers that this profit should be realised and re-invested into Group Bruxelles Lambert SA to bring its interest up to 5 per cent, and into gilts, with the balance held in cash.

Tax for the year took £753,000 against £235,000. After the extraordinary credits attributable profits came out at £8.85m compared with £5.11m. The final dividend is lower at 0.8p (1p), but the total has been increased from 1p to 1.5p. Dividends absorb £1.21m against £808,280.

Stated earnings per 25p share improved from 3.16p to 4.03p, and are calculated on the profit before extraordinary items and after preference dividend, of £3.26m (£2.47m), and on the weighted average of 80.85m (78.04m) ordinary shares in issue during the year.

Market capitalisation at March 17 1982 was £40m.

● comment

Britannia Arrow's unit trust managements suffered along with the rest of the industry in the second half of 1981, when unit sales weakened and jobbing profits were squeezed in the weeks around last September's Black Monday. But the year was a very good one overall, and current trading confirms the upward trend. It was also a fairly good period for Britannia's investment portfolio; apart from the realised profit on Mercantile House — which kept the extraordinary credit almost on the 1980 level—unrealised gains lifted net assets by more than a fifth over the year. Britannia rightly points out that there is some flexibility between realised gains and investment income. At the moment Britannia's running yield on holdings of gilt-edged and cash is probably considerably more than it was getting on a less liquid portfolio this time last year—in the next few weeks, however, the rights issue from Bruxelles Lambert may soak up some of this cash. After cancellation of its share premium account in November, Britannia has been able to continue dividend payments, and at 49p the shares now yield 4.4 per cent. The reduced warrant conversion price of 140p is still a long way out of reach.

Takeover fears for UK banks 'exaggerated'

THE ABORTIVE takeover of the Royal Bank of Scotland has "highlighted the fact that British bank share prices generally stand at a low level in relation to their net asset value," says Sir Jeremy Morse, chairman of Lloyds Bank, in his annual statement accompanying the 1981 report and accounts.

"With Lloyds Bank shares at 450p, our market capitalisation is £800m, whereas our net asset value is over £1.7bn. The consequent vulnerability of the big British banks to takeover has probably been exaggerated.

"Good performance is the best guarantee of continuing independence; and even if some clarification of the Bank of England's regulatory powers in this area may in due course be needed, we would not want to be specially sheltered by legislation."

Sir Jeremy says that some of the bank's "medium term strategies—matching the network and services of the bigger international banks, decentralisation of marketing and control in Britain, integration of our newer merchant banking skills with our established competence in all sorts of commercial banking—are beginning to bear fruit."

"In some countries and industries economic conditions are almost as bad as 50 years ago, and there is no sign of early relief. Britain in particular is being jolted, by a mixture of circumstances and policy, through a testing period of retrenchment and change."

At the end of 1981 the group's assets had risen to over £27bn and deposits to over £25bn; the ratio of the latter to total capital and reserves was 11½ to 1, and to free capital (which excludes capital tied up in premises and equipment that cannot be quickly realised) was 19½ to 1.

In the UK the bank has established a new corporate banking division to service the specialised needs of large multinational customers and has completed the programme of delegating more lending authority to the bank's 18 regional head offices, taking key decisions closer to the borrower.

The size of the UK branch network is unchanged but the bank has introduced a new approach to managerial control in the regions—the chief manager concept—under which the manager of the main branch in a city takes on responsibility for major corporate business and the co-ordination of the planning and marketing activities of all the branches in the area. Liverpool, Norwich, Gloucester and Coventry have been selected for a pilot scheme.

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The bank's Trust division has been reorganised with the number of branches being reduced from 43 to 28, producing a structure that "matches the changed needs of today's markets," says Sir Jeremy.

One of the main events during the year has been the increase in Lloyds Bank's stake in Lloyds and Scottish, the finance house, and the subsequent acquisition of Bowmaker.

Sir Jeremy Morse says that these moves fit in with the group's "strategy of selective growth by acquisition, bringing us additional counter-cyclical earnings in Britain and a base for expansion in consumer finance abroad.

"In the meantime," says Sir Jeremy, "we continue to open new branches and merchant banking units abroad, 13 in 10 different countries during 1981."

In the UK the bank has established a new corporate banking division to service the specialised needs of large multi-national customers and has completed the programme of delegating more lending authority to the bank's 18 regional head offices, taking key decisions closer to the borrower.

The accounts show that 49 per cent of advances and other accounts are based in the UK, 13 per cent in the rest of Europe, 13 per cent in North America, 11 per cent in Central and South America, 11 per cent in Australia, New Zealand and Far East and 3 per cent elsewhere.

At the end of 1981, Lloyds Bank had shareholders funds of £1.71bn, loan capital of £352m, and deposits and other accounts of £25.31bn. Group advances rose by 43 per cent to £21.32bn in 1981.

The annual general meeting will be held at 71 Lombard Street, London, on April 15 at 3 pm.

At the meeting shareholders will be asked to vote on a number of special resolutions including a new article which will permit directors of the bank to disenfranchise shareholders who fail to provide the company with information to which it is entitled under the Companies Act as to the identity of any person interested in shares.

Sharpe & Fisher falls 17%

THE DEPRESSED trading conditions for the builders' merchants, referred to at the interim stage by Sharpe and Fisher, continued into the second half of the year. A satisfactory year's trading resulted in increased profits at the diy stores, but the group's overall taxable result was a 17 per cent decline from £1.4m to £1.16m. This follows a 29 per cent fall at halfway.

The final dividend has been held at 1.25p which repeats the total at 1.8p. Earnings per ordinary 25p share were given as improving slightly from 4.7p to 4.8p.

At the builders merchants the directors say there is little evidence yet of an increase in volume. A new branch in Haverfordwest started trading in January 1982. Two new stores will open in the diy section in 1982, making a total of seven.

At the interim stage group pre-tax profits fell from £581,000 to £413,000.

Turnover rose during the 12 months from £25.99m to £27.04m. Tax was lower at £364,000, against £619,000, leaving net profits at £792,000 (£778,000). On a current cost basis the pre-tax profits emerge at £795,000 (£789,000).

Hall Engineering £1m lower

FALLING FROM £3.47m to £2.97m in the second half, pre-tax profits of Hall Engineering finished 1981 some £1.05m lower at £6.02m.

At midterm, when a decline from £3.6m to £3.05m was reported, the directors said any second half profit increase was likely to come more from cost savings than from any easing of conditions. They warned, however, that it was unlikely that full year results would equal those of the previous 12 months.

Turnover fell to £90.54m (£102.19m) and, with tax taking £0.84m (£1.21m), net profits slipped from £5.85m to £5.19m.

From these, minority profits took a further £1,000 (£6,000) and extraordinary debits £520,000 (£52,000 credit). This left an attributable balance of £4.66m (£5.99m), from which preference payments of £64,000 (same) and ordinary dividends of £1.05m (£1m) were made.

On a CCA basis, profits before tax are shown at £4.58m (£4.63m) and profits available to ordinary holders at £3.13m (£3.48m).

Basic earnings per 50p share are stated at 37.88p (46.21p) for the year under review, and those fully diluted turned in at 36.25p (41.79p). The total dividend is held at 7.61p with a final of 4.2p net.

● comment

The South African operations of Hall Engineering have provided an even greater support to profit than in 1980. In the UK, all of the group's major activities were adversely affected by the recession, especially those associated with the construction industry. The nearly trebled interest charge indicates that Hall has embarked on some big capital spending. As well as investing in South Africa, the group is building a new steel stock holding warehouse in Wales and helping Shrewsbury Tool and Die tool up for new markets to replace the flagging motor sector. At 164p unchanged, the yield on the well covered dividend is under 7 per cent. The shares are also supported by conservatively stated net assets of about 250p.

Sale Tilney at £1.98m

UNCHANGED second-half profits of £1.23m left Sale Tilney and Co. with full year pre-tax figures, to end November 1981, of £1.98m, some 2 per cent more than the previous year's £1.94m. Turnover of this industrial, food and central services group, showed a reduction from £64.4m to £55.19m for the 12 months.

In September at the interim stage, Mr R. A. P. King, the chairman, said the board was cautiously hopeful that profits for the year would be modestly higher than in 1980.

On current year prospects, he now says that this year the group should be able to record an increase in profits.

With stated earnings per 25p share ahead from 30.8p to 34.2p, the year's dividend is being raised by 0.5p net to 8p with a final of 4.25p (4p).

Tax charge was lower at £354,000 (£467,000) and after crediting minorities of £13,000 this time, attributable profits came through higher at £1.64m, compared with £1.47m. Dividends absorb £390,000 (£364,000) leaving a retained balance of £1.25m, against £1.11m.

Net assets per ordinary share advanced by 14 per cent from 206.8p to 236.3p.

Exchange gains help Lerose

After a foreign exchange credit of £60,329, taxable results at House of Lerose, manufacturer of ladies' knitted outerwear, moved ahead from £1.58m to £1.62m.

In the previous comparable period exchange losses amounted to £39,427.

£85m bonuses from CIS

THE Co-operative Insurance Society is allocating more than £85m of its life fund profits to its with-profit policyholders in the form of reversionary and terminal bonuses.

Reversionary bonuses in the Ordinary section are kept unchanged at £4.50 per cent of the sum assured for life contracts and at £5.50 per cent of the basic annuity for old series annuities. On the new series annuities, the bonus rate is £5 per cent of the basic benefit and £6 per cent of any attaching bonuses.

In the Industrial section, the reversionary bonus rate is also kept unchanged at £2.75 per cent of the sum assured.

The Society has relied on giving higher benefits to policyholders by substantially increasing the terminal bonus rates paid when a policy matures, or becomes a death claim or when the pension vests. This is the second year when it has taken this route.

In the Ordinary section, the bonus scale ranges from 29.2 per cent of the sum assured for 10-year contracts to 156 per cent for contracts in force 50 years or more. The previous scale ranged from 22 per cent to 123 per cent.

In the Industrial section, the new scale rises to a maximum of 111.5 per cent of the sum assured, compared with the previous maximum of 88 per cent.

STONE MANGANESE

Stone Manganese Marine has asked us to point out that it has been owned for over a year by Langham Industries Ltd and no longer has any connection with Stone-Platt Industries.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bejam ....int.	1.25	April 29	0.94*	—	2.06*
Britannia Arrow	0.8	May 24	1	1.5	1
Business Computers	1‡	—	—	1	—
James Fisher	1.5	—	1.15	2.65	2.15
GKN	4	May 8	4	8	8
Hall Engineering	4.2	May 7	4.2	7.61	7.61
KCA Drilling Group	1.88	—	—	—	—
Lerose	4.6	June 14	4	6.6	6
Liverpool Daily Post	6.5	April 30	6.04	10.2	9.5
A. and J. Mucklow int.	2	July 1	1.88	—	3.88
Pressac ....int.	0.35	May 20	0.35	—	1.1
Sale Tilney	4.25	June 2	4	8	7.5
Sedgwick Group	3.75	April 30	3	6	5
Sharpe and Fisher	1.25	May 28	1.25	1.8	1.8
Steetley	6.5	April 23	6.5	10.5	10.5
Supra	1.25	—	1.25	2	2
F. W. Thorpe ....int.	1.05	May 13	1	—	2.45

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

SPAIN

March 15	Price %	+ or −
Banco Bilbao	347	−4
Banco Central	348	−4
Banco Exterior	302	
Banco Hispano	320	−1
Banco Ind. Cat.	110	
Banco Santander	332	−3
Banco Urquijo	210	−3
Banco Vizcaya	398	
Banco Zaragoza	246	
Dragados	149	−3
Espanola Zinc	61	
Fecsa	60	
Gal. Preciados	41	−0.5
Hidrola	62.2	−0.3
Iberduero	52.2	−0.3
Petroleos	82.5	−0.5
Petroliber	99	
Sogefisa	10	−1
Telefonica	71	
Union Elect.	63.7	

BIDS AND DEALS

BAT expected to improve offer for Marshall Field

BY DAVID LASCELLES IN NEW YORK

BAT, THE UK retailing and tobacco group, was widely expected last night to improve its $310m takeover bid for Marshall Field, the Chicago department store with whom it agreed terms earlier this week.

Batus, the company's U.S. subsidiary, was holding a board meeting at its headquarters in Louisville, Kentucky, yesterday afternoon "to consider a possible revision in the terms," according to an official statement.

The meeting came amid considerable speculation on Wall Street that BAT's offer would be challenged either by a counter-bid or by a group of investors headed by Mr Carl Icahn, the New York financier, who holds about 30 per cent of the company.

Marshall Field shares were suspended from trading on the New York Stock Exchange yesterday morning. They had been changing hands at $25.50 in heavy trading, exactly the level offered by BAT. Normally takeover stocks trade slightly below the offered price.

Speculation was fuelled by a revelation from Marshall Field that BAT's bid had only just topped rival offers, reliably understood to have come from Carter Hawley Hale, another U.S. retailing chain which tried to buy Marshall Field once before, and the Trump Brothers of South Africa.

Mr Icahn has already said he intends to fight the deal with every means available. However, Marshall Field has gone to court to seek a restraining order to stop him soliciting recommendations opposing the deal while complying with federal disclosure requirements. Mr Icahn's group includes European interests from Switzerland and Belgium.

The merger also faces possible Anti-Trust scrutiny because BAT's retail interest in the U.S. could overlap with Marshall Field's. Details of the merger have been filed with the U.S. Anti-Trust authorities, but BAT is reserving the right to pull out if Anti-Trust charges are made.

BAT disclosed in documents filed with the secretary that it intends to finance the deal with a loan from six U.S. banks, Continental Illinois, Morgan Guaranty, Bankers Trust, Citibank, Chemical Bank and Chase Manhattan. BAT can choose from a number of interest rate options, including the U.S. Prime Rate, and rates based on Libor or Certificates of Deposit.

Asscd Leisure in coach deal

Associated Leisure, the video games and slot machines group, has bought a private coach business and holiday tour operator in the North country for just over £11m. Its shares gained 11p to close at 100p.

Smiths Happiway Spencers is a Wigan-based company which last year made pre-tax profits of £2.4m on a turnover of £13.9m. It is managed by members of the three families who have built the company over the past 50 years and they have agreed to stay with it for at least the next three years.

Mr Nathaniel Solomon, Associated Leisure's managing director, said his company had felt unhappy for some time "with most of our eggs in the amusement machine basket." Its video machine operations have been unprofitable for the last year in particular.

"We wanted to be in the value-for-money sector of the leisure industry and SHS seemed to us to fit nearly ideally our requirements," said Mr Solomon.

SHS had net tangible assets of £7.4m at the end of last year, including an adjustment for a £0.79m revaluation of property assets. It owns over 150 coaches which provide local services for a catchment area of 16m people around the North West as well as being the basis of the company's holiday tours business.

The holiday tours account for about 75 per cent of SHS's turnover and rather more of its net profits. Three-quarters of the tours are directed at South coast resorts in England—the remainder go to continental Europe—and about half of the passengers carried stay in hotels owned by SHS itself.

SHS owns two hotels in Scotland and seven in England. Associated Leisure already has four hotels of its own, though these are aimed at the business traveller rather than tourist market.

Mr Solomon said that the acquisition of further hotels was now a possibility but would be followed up pari passu with a search for new catchment areas for the coach business. "For the time being, SHS will offer us the growth prospects that we have been seeking," he said.

Associated Leisure is paying for SHS with £4.7m of an unsecured 11 per cent loan stock due in 1983-92, £4.1m in cash and 1.5m ordinary shares. The shares represent 5.7 per cent of Associated's total equity and were worth £1.5m at last night's closing price. A further payment will be made of £1.1m in April 1983 in cash or loan stock at the vendor's option.

Mr Henry Sawbridge, SHS's managing director, said a public flotation of the company's shares had been an option considered last summer but the owners "simply did not want the hassle." Now they would hold on to their Associated Leisure shares and play "a vital part in the whole set-up."

Associated's 1981-82 fiscal year ended on March 14. The company had a positive cash flow of about £7m and had cash balances of £3.52m earlier this month. The surplus needed for the cash part of the purchase of SHS—itself a cash rich business with a positive flow of about £4m in 1981—has come from existing bank overdraft facilities.

GREAT NORTHERN/RIT

AS AT the close of business on March 17 1982 estimated net asset values after deducting prior charges at market value were 175.1p per ordinary of Great Northern and 472.5p per ordinary of RIT.

The share exchange ratio under the Great Northern offer will not be determined until the offer becomes or is declared to be unconditional as to acceptances but on the basis of the then current net asset values it would result in an ordinary shareholder of RIT receiving, for every 100 ordinary shares in RIT, approximately 270 ordinary units.

FORSYTH SOLD

R. W. Forsyth Limited, the private company with major department stores in Edinburgh and Glasgow, has been sold.

Burton Group is taking over the occupation of the main store in Princes Street, Edinburgh, the freehold of which has been sold to Universities Superannuation Scheme for just under £12m. The retail business of the Glasgow store is to be continued under new management.

The price paid for the Forsyth's capital reflects the £12m sale of the Edinburgh property and the market value of the Glasgow property and business.

Holmes à Court sets out his long term plans for ACC

BY JOHN MOORE, CITY CORRESPONDENT

SHAREHOLDERS of Associated Communications Corporation have been given the first glimpse of the future of the group, if it is taken over by business interests of Mr Robert Holmes à Court, the Australian entrepreneur.

In the first offer document, issued yesterday in the campaign for control of ACC, TVW Enterprises, an Australian television company headed by Mr Holmes à Court, says that if it gains control of ACC, it is its long-term objective "to combine its media interests with those of ACC and to support the existing management of ACC in returning ACC to profitability."

TVW says that it "does not contemplate the cessation of any of ACC's current activities or any redundancies occurring in respect of ACC employees (other than directors of ACC)" as a direct consequence of the assumption of control of the entertainments empire once headed by Lord Grade.

"Apart from disposal of certain assets of ACC which are already under consideration by the board of ACC, it is not TVW's intention to make any changes in ACC's business."

TVW is making a two tier offer for ACC, the highest offer worth 110p for each quoted non-voting "A" share. That places a value of more than £60m on the entirety of ACC. If shareholders are to receive 110p for each of their shares TVW will require not less than 90 per cent acceptances in respect of both the voting and non-voting ACC equity.

If it does not receive that level of acceptances then a lower bid worth 95p for each non-voting share will come into force.

TVW already holds 52.87 per cent of ACC's non-voting equity.

Mr Holmes à Court started bidding for ACC in January through his master company, the Bell Group. A pre-condition of that bid was that Lord Grade should step down as chairman and chief executive and that he should assume the chairmanship and executive control.

Bell has made available to ACC a facility of £10m no part of which has yet been drawn down by ACC.

Under the terms of the TVW offer Bell's managerial and financial support to ACC must continue until the 95p per share becomes unconditional.

After an extraordinary general meeting to consider the question of a record compensation payment worth £560,000 with additional property benefits to Mr Jack Gill, the group's former managing director, Mr Holmes à Court told journalists that thct ACC board was meeting to consider a profit forecast.

He said that the offer documents from TVW contained nothing about the future of Lord Grade or details of yachts and cars for sale at ACC. Earlier this year Mr Holmes à Court had indicated that he intended to disclose details of ACC expenditure in his offer document which would have been put out by his Bell company.

He said yesterday that the TVW offer had been made unilaterally and without any consultations with the ACC board so there was no reasoo to go into that type of detail.

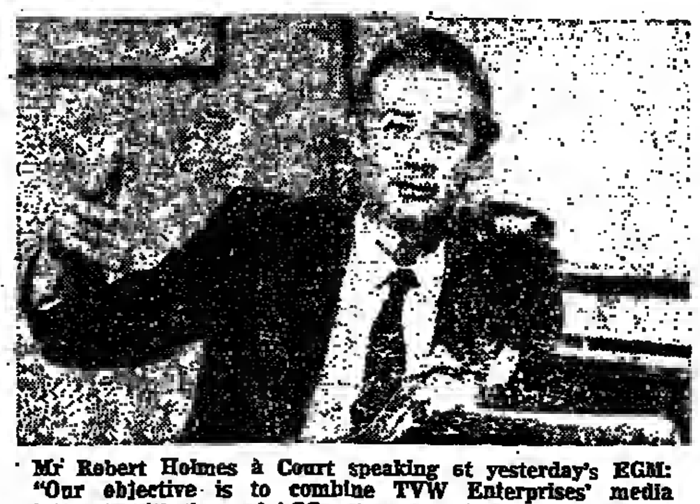
Asked about Lord Grade's future if TVW succeeded, he said: "We are remaining silent on that. The document was produced without any negotiations." He admitted it was "a very non-theatrical document."

Asked about his own position as chairman of ACC Mr Holmes à Court said: "I will stay as chairman until such time as I decide to resign." His position as chairman was "not on today's agenda. It will be my decision."

Declining to speculate on what event of a higher bid, Mr Holmes event of a higher bid, M rHolmes à Court said: "We will jump our fences right wheo we get to them, not before." He added: "It is all a question of price but every company we have bought has been loss-making at the time we purchased."

If TVW acquired ACC it would only reshuffle assets in order to improve earnings. It would not turn the company into cash.

He disclosed that TVW has oot yet approached the Independeot Broadcasting Authority to discuss ACC's 51 per cent bolding in Ceotral Independent Television. He suggested that he would seek the same agreement as his Bell company gained in earlier negotiations.



Mr Robert Holmes à Court speaking at yesterday's EGM: "Our objective is to combine TVW Enterprises' media interests with those of ACC and support the existing management of ACC in returning ACC to profitability"

Sonoco wants rest of Capseals

Sonoco, the U.S.-based international manufacturer of speciality plasterboard, wood and plastic products, has made a recommended bid for the outstanding 40.8 per cent of Capseals, the speciality packaging company, at 50p a share. The shares closed at that level, showing a gain of 5p.

The bid, advised by Hill Samuel, follows a direct purchase of 59.2 per cent of the equity at the same price from Capseals' majority shareholder, Cope Allman.

Announcing the sale of the majority stake yesterday, Mr Louis Manson, Cope Allman's chairman, said it was part of his company's declared restructuring policy. The future of the Capseals' holding had been a subject of debate each year for some time past.

The disposal would now facilitate Cope Allman's decision to concentrate on its two main activities of plastic and metal packaging, and the manufacture and operation of amusement machines.

Mr Manson said 50p a share represented a total value for Capseals of just under £6m which appeared a good price. "The asset backing is only about 38p a share, so we think 50p for what is a manufacturing business is quite good in these days," he said.

Sonoco, which is based in South Carolina and had worldwide sales of $535m last year, first approached Cope Allman with a view to buying Heathfield Co., a Capseals' subsidiary which is the UK's biggest cable reels manufacturer. Sonoco itself is the biggest cable reels manufacturer in the U.S. Negotiations followed for the sale of the whole company.

Cope Allman, which has been advised by Morgan Grenfell, has received £3.52m cash for its Capseals shares, shedding debt of about £2m from its consolidated balance sheet in the process.

"We have had a divestment programme for the last nine months or so, and we are now well advanced with it," said Mr Manson. The sale of Capseals had been the "major item" in the programme. Cope Allman's half-year figures are due to be announced a week today.

It was also announced yesterday that Capseals has now completed the sale of a loss-making subsidiary, Packaging Products, to Worcester Engineering, a private company, for £450,000. Negotiations for the sale started prior to the talks between Sonoco and Cope Allman.

MR G. T. WHYTE

OUR March 12 report of the reduction by Mr G. T. Whyte and his German associate Mr G. Kreissel of their holding in R. P. Martin to 4.13 per cent in aggregate (not 4.45 per cent as previously reported) described Mr Whyte's original acquisition as being "through a series of overseas nominee accounts." This should have read "from clients of Banque Bruxelles Lambert."

Mr Whyte and his associate have asked us to stress that they were not in any way linked with any overseas nominee accounts and that they have complied at all times with statutory obligations to notify their holdings.

SHARE STAKES

Tricentrol — Morgan Grenfell and Co. Associates of CCP North Sea Associates purchased on behalf of a discretionary investment client 20,000 ordinary shares in Tricentrol at 172p and 15,000 at 170p.

Charterhouse Petroleum — Baring Bross and Co., an associate of Cluff Oil, sold 25,000 shares at 67½p for discretionary investment clients.

Peek Holdings—Havard Securities has reduced its holding from 1.42m to 862,000 shares (9.57 per cent).

CCP North Sea—N. M. Rothschild and Sons announce that Rothschild Asset Management sold 5,000 CCP North Sea Associates ordinary at 190p on behalf of discretionary clients.

Narborough (FMS) Rubber—Johore State Economic Development Corporation hold 465,000 ordinary shares (8.7297 per cent).

Stead and Simpson — 330,000 "A" ordinary shares have been sold by the executors of J. F. Mitchell deceased. Mr James Ian Mitchell and one of the beneficiaries an executors.

London and Strathclyde Trust —Imperial Life Assurance Company of Canada acquired a further 100,000 ordinary shares. Imperial Life Funds own 3.33m ordinary shares (23.11 per cent).

Globe Investment Trust—Coal Board Pension Funds purchased 825,000 shares, bringing holding to 39.85m shares (24.37 per cent).

J. E. England and Sons (Wellington) — Walter Duncan and Goodricke has acquired 55,000 ordinary shares, bringing their holding to 1.11m shares (22.1 per cent).

Shaw Carpets — M. S. H. Hartley, director, has disposed of 200,000 shares beneficial at 17p leaving holding 1,432,000 shares, excluding remoter interest (8.03 per cent).

Oceonics—Robert Air, director, bought 7,304 ordinary making holding 4.3m (43.5) per cent).

Holyrood Rubber—Pegi (Singapore) Pte. hold 12,922 ordinary shares (14.99 per cent).

Altifund—Kuwait Investment Office hold 530,000 income shares (11.04 per cent).

Braid Group—PLC, a wholly-owned subsidiary of Bajau has increased its holding in Braid Group from 437,500 shares to 607,500 shares (10.125 per cent).

Drayton Consolidated Trust — As a result of purchase of 1.2m ordinary shares, Standard Life Assurance is the beneficial owner of 3,218,877 ordinary shares (9.6 per cent).

Scottish and Newcastle Breweries — Mr D. A. H. Younger has resigned certain directorships and as a consequence reduced his non beneficial shareholding in the company by 180,100 ordinary shares.

Tomkinsons Carpets — Prudential Assurance has acquired 20,000 shares making holding 175,000 (6.14 per cent).

Capital and Counties — Kuwait investment office holds an interest in 5,365,000 ordinary shares (6.99 per cent).

Greencoat Properties — Scottish Northern Investment Trust has acquired 400,000 ordinary shares and holds 2m ordinary shares (6.28 per cent).

NCB PENSIONS U.S. HOLDING

THE National Coal Board Staff Superannuation Scheme and the Mineworkers Pension Scheme — the pension plans of the employees of the UK National Coal Board — said they hold 9.45 per cent of Rampac shares of beneficial interest.

In a filing to the U.S. Securities Exchange Commission, the pension plans said they hold 290,000 shares of beneficial interest of Rampac, an Oakland California real estate investment trust.

From February 1 to March 12 the pension plans bought 134,400 shares at prices ranging from $21.62½ to $22.50 a share. The total amount of funds required by the purchasers to purchase the shares was about $6.44m. The shares were acquired for investment, the filing said.

LONDON TRADED OPTIONS

Mar. 18 Total Contracts 1,028 Calls 711 Puts 617

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	240	44	9	—	—	—	—	262p
BP (c)	260	2	—	18	2	24	—	"
BP (c)	300	5	3	2	—	15	10	"
BP (c)	330	1½	1	4	—	2	—	"
BP (p)	260	10	4	12	—	14	—	"
BP (p)	280	22	1	24	—	26	—	"
BP (p)	300	40	25	40	—	44	9	"
CU (c)	140	10	—	14	—	12	1	146p
CU (c)	160	5	10	8	—	10	—	"
Cons. Gld (c)	360	25	1	35	10	45	—	369p
Cons. Gld (c)	390	2	2	23	—	27	—	"
Ctlds. (c)	70	13	—	12	8	21½	—	83p
Ctlds. (c)	80	6	2	12	—	13	—	"
GEC (c)	800	35	3	64	—	82	—	821p
GEC (c)	850	9	6	32	—	57	—	"
GEC (p)	800	14	—	22	60	27	—	"
Gr'd Met. (c)	200	11	6	18	3	23	—	201p
Gr'd Met. (c)	220	3	—	8	—	11	10	"
Gr'd Met. (p)	200	8	—	14	—	15	10	"
Gr'd Met. (p)	220	21	2	23	—	27	—	"
ICI (c)	300	28	1	38	—	48	—	324p
ICI (c)	330	10	10	25	—	30	—	"
ICI (c)	360	4	—	9	3	13	—	"
ICI (p)	360	40	—	42	—	44	1	"
Land Sec. (c)	300	11	—	19	3	28	—	294p
Shell (c)	330	28	2	32	—	46	—	356p
Shell (c)	360	7	—	20	1	32	—	"
Shell (p)	360	20	2	24	—	22	1	"
		May		August		November		
Barclays (c)	420	37	8	55	—	—	—	446p
Barclays (c)	460	12	1	23	3	35	—	"
Barclays (c)	500	4	—	10	6	20	—	"
Barclays (p)	500	52	2	55	—	58	—	"
Imperial (c)	60	31½	—	34½	10	—	—	91p
Imperial (c)	70	21½	10	24½	—	—	—	"
Imperial (c)	80	12	13	16	28	18	—	"
Imperial (c)	90	4½	19	2	256	11	52	"
Imperial (p)	70	¾	26	1½	—	—	—	"
Imperial (p)	80	1½	35	2½	—	4	13	"
Imperial (p)	90	4	—	3½	—	6½	6	"
Lasmo (c)	260	27	3	40	—	44	—	284p
Lasmo (c)	300	10	13	17	—	23	2	"
Lasmo (c)	390	3	2	8	—	—	—	"
Lonrho (c)	70	7	—	10	25	11	4	74p
Lonrho (c)	80	3	30	3	—	7	—	"
Lonrho (p)	70	2½	20	4	—	3	3	"
Lonrho (p)	80	8	24	9	—	11	—	"
Lonrho (p)	90	18	6	12	23	—	—	"
P & O (c)	130	2	11	11	35	15	2	127p
P & O (c)	140	4	—	7	8	—	—	"
Racal (c)	360	23	1	37	—	48	—	373p
Racal (c)	390	8	12	23	3	63	—	"
Racal (p)	330	4	1	8	—	13	—	"
Racal (p)	390	23	2	23	—	50	—	"
Racal (p)	420	53	—	55	1	—	—	"
RTZ (c)	420	25	42	34	2	48	—	417p
RTZ (c)	460	3	9	20	—	27	—	"
RTZ (p)	420	20	2	29	—	37	—	"
RTZ (p)	460	47	10	54	—	57	—	"
Vaal Rfs. (c)	40	3¾	—	6¼	12	7¼	4	$40
Vaal Rfs. (c)	45	1¾	—	3¾	2	5¼	—	"
Vaal Rfs. (c)	50	¾	—	1½	—	2¾	3	"
Vaal Rfs. (c)	55	½	—	1	1	1½	—	"
Vaal Rfs. (p)	50	10	—	10	20	10¾	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	—	—	9	44	—	—	$321
GOLD C	$325	—	—	10	28.50	6	42	"
GOLD C	$350	6	8.50 A	10	17	100	28	"
GOLD C	$375	—	—	17	9	—	—	"
GOLD C	$400	—	—	10	6.50	2	14.50	"
GOLD P	$300	90	10	5	14	7	16	"
GOLD P	$325	10	17	2	23	6	22	"
GOLD P	$350	3	34 B	10	38 A	—	—	"
GOLD P	$400	—	—	2	77 B	—	—	"
12¼ NL 81 87-91								
C	F.107.50	—	—	7	4.90	—	—	F.111.90
C	F.110	53	2.20	474	2.70	—	—	"
C	F.112.50	—	—	23	1.60 A	27	2.30	"
P	F.102.50	—	—	50	0.10	—	—	"
P	F.107.50	650	0.10	—	—	—	—	"
12 NL 81 85-88								
C	F.102.50	30	2.60	—	—	—	—	F.103.20
10¾ NL 80 86-95								
C	F.97.50	10	5.20	—	—	—	—	F.102.70
C	F.100	250	3	—	—	—	—	"
11¼ NL 82 88-89								
C	F.100	—	—	30	4.20	—	—	F.103.60
C	F.102.50	388	1.80	30	2.50	—	—	"
		April		July		Oct.		
ABN C	F.280	22	3	8	8	—	—	F.277
AKZO C	F.25	2	3.30	—	—	—	—	F.28.30
AKZO C	F.27.50	—	—	20	1.80	97	2.60	"
AKZO C	F.30	—	—	25	0.90	7	1.20	"
HEIN C	F.55	10	0.80	—	—	7	6	F.52.20
HEIN P	F.50	—	—	—	—	4	2	"
KLM C	F.90	8	17	—	—	—	—	F.106
KLM C	F.100	91	8.50	30	13	—	—	"
KLM C	F.110	267	4	64	9	3	11	"
KLM C	F.120	127	1.80	—	—	—	—	"
KLM P	F.80	240	0.30	—	—	—	—	"
KLM P	F.90	—	—	8	2.20	—	—	"
KLM P	F.100	107	2	10	5	—	—	"
KLM P	F.110	12	7	7	10	—	—	"
NEDL C	F.110	—	—	6	6	—	—	F.109
NEDL C	F.120	6	1.20	6	2.50	—	—	"
NATN P	F.105	—	—	11	3	—	—	F.104.20
NATN P	F.110	3	6.50 B	—	—	—	—	"
PHIL C	F.17.50	—	—	20	4.50	—	—	F.21.90
PHIL C	F.20	22	2.20	—	—	—	—	"
PHIL C	F.22.50	21	0.40	3	1.10	143	1.80	"
PHIL C	F.25	—	—	10	0.50	5	1	"
PHIL P	F.20	—	—	7	0.60	—	—	"
PHIL P	F.22.50	—	—	6	1.50 A	—	—	"
PHIL P	F.25	—	—	8	3.40	—	—	"
RD C	F.80	208	3.80	72	5.20	4	6.50	F.81.90
RD C	F.90	293	0.60	138	2	50	3	"
RD P	F.70	—	—	23	1	16	2.20	"
RD P	F.80	146	1.60	90	3	30	5.80	"
UNIL C	F.140	3	8.50	4	7.50	—	—	F.146
UNIL C	F.150	80	1.80	14	3.10	—	—	"
UNIL C	F.160	6	0.40	15	0.20	—	—	"
UNIL P	F.130	5	0.20	—	—	—	—	"
UNIL P	F.140	152	1.70	38	4.50	20	5	"
UNIL P	F.150	5	6	16	9.30	—	—	"
UNIL P	F.160	5	14	—	—	—	—	"
		May		Aug.		Nov.		
BOEI C	$20	—	—	20	1	—	—	$12⅛
BOEI P	$15	19	7½	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 4975

A=Asked B=Bid C=Call P=Put

BANK RETURN

	Wednesday March 17 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	
Public Deposits	41,960,346	— 2,185,314
Bankers Deposits	559,340,251	— 91,996,338
Reserve and other Accounts	1,735,554,646	+ 82,797,888
	2,351,408,243	— 11,393,766
Assets		
Government Securities	750,015,069	— 92,705,000
Advances & other Accounts	1,086,525,570	— 59,307,415
Premises Equipment & other Secs.	490,268,351	+ 137,888,187
Notes	14,247,688	+ 2,591,247
Coin	351,555	+ 38,215
	2,351,408,243	— 11,393,766
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,525,000,000	—
In Circulation	10,510,752,312	— 2,591,247
In Banking Department	14,247,688	+ 2,591,247
Assets		
Government Debt	11,015,100	—
Other Government Securities	2,137,772,164	— 447,370,986
Other Securities	8,376,212,736	+ 447,370,986
	10,525,000,000	—

MINING NEWS

Murchison now relies on gold

BY KENNETH MARSTON, MINING EDITOR

AFTER last year's recovery, little change is expected in 1982 results of South Africa's antimony and gold-producing Consolidated Murchison. This forecast, however, given in the annual report by the chairman Mr H. Dalton-Brown, was written on February 23 when the gold price stood at $361 per ounce.

It may thus need to be qualified as a result of the further fall that has occurred in the price since then, especially in the light of Mr Dalton-Brown's comment that the mine would not be operating profitably without its gold by-product.

Murchison supplies about 24 per cent of the western world's antimony needs; the metal's applications include use in electric batteries and flame-proof materials.

Weak market conditions in the first half of last year resulted in Murchison selling only 74 per cent of its production which, in turn, had been cut back by about one-third. The second half of the year brought an improvement and sales of antimony cobs and concentrates almost matched output.

They totalled 16,599 tonnes, but stocks at end-year amounted to 16,946 tonnes. The improved demand for antimony, however, had little effect on prices which remain depressed at just under R1,000 (£536) per tonne which is the level to which Murchison's costs have risen.

So it was the contribution of gold which lifted 1981 earnings to R4.65m from R1.49m in the previous year and allowed the company to double its dividend to 60 cents.

Maintenance of the higher dividend rate in the current year may well depend on a recovery in the gold price—antimony demand is not expected to improve—because capital spending will rise to R3m from R1.28m in 1981 largely on the previously postponed shaft deepening programme which is now to commence.

Murchison shares rose 15p to 240p yesterday.

Esso looks to Malaysia

SPENDING of M$1.1bn (£262m) on oil exploration and development this year is planned by Esso Production Malaysia, a wholly-owned subsidiary of Exxon Corporation. This is an increase of 57 per cent on last year's budget and represents some 6.37 per cent of Exxon's total spending outside the U.S.

Major projects in Malaysia include the installation of four new offshore production platforms in the northern state of Trengganu and the building of a crude oil terminal at Kertch in the state.

Work on the platforms began last year at three new oilfields, Tinggi, Kepong and Tiong. They raise to six the total number of the company's oilfields off Trengganu.

Marinduque's heavy loss

A biggest-ever net loss of 872m pesos (£58.2m) for 1981 has been suffered by Marinduque Mining and Industrial, the heavily indebted Philippines producer of nickel, copper and cement, reports Leo Gonzaga from Manila. In 1980 the company lost P274m following a net profit of P186m in the previous year.

The main reason for the latest severe loss was last year's payment of P812m in interest, guarantee, withholding tax and other charges on foreign and domestic loans. At the same time operating costs rose while the nickel operations lost money.

Copper mining and cement production remained profitable, but the outlook for them in the current year is cloudy. Meanwhile, further payments will fall due on loans to the Philippines Government which is the majority stockholder in Marinduque as well as a creditor.

ROUND-UP

Australia's Jimberlana Minerals has suspended underground operations at its 50 per cent-owned Minador gold mine in South Africa, and the future of the project is being assessed. It is hoped to extend the term of Minador's tribute agreement by another five years to 1990. Apart from low gold prices, the company has been adversely affected by delays in the supply of plant and equipment.

* * *

Esso Minerals Canada may spend up to C$4.5m (£2.05m) on a 49 per cent working interest in D'Or Val Mines. Esso has already paid C$1.5m for D'Or Val's geological and geophysical survey information on two new gold properties in Quebec.

COMPANY NOTICES

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER

PAYMENT OF COUPON No. 68

With reference to the notice of declaration of dividend advertised in the Press on 10th March 1982, the following information is published for holders of share warrants to bearer.

The dividend of 25 cents per share was declared in South African currency. South African non-resident shareholders' tax at 2.78675 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 22.21325 cents per share.

The dividend on bearer shares will be paid on or after 7th May 1982 against surrender of coupon No. 68 detached from share warrants to bearer as under:—

(a) At the office of the following Continental paying agents:

Banque Rothschild 21 Rue Laffitte 75009 Paris	Credit Suisse Paradeplatz 8 8021 Zurich
Banque Bruxelles Lambert 2 Rue de la Regence 1000 Brussels	Union Bank of Switzerland Bahnhofstrasse 45 8021 Zurich
Societe Generale de Banque 3 Montagne du Parc 1000 Brussels	Swiss Bank Corporation 1 Aeschenvorstadt 4002 Basle
Banque Internationale a Luxembourg 2 Boulevard Royal Luxembourg	

Payments in respect of coupons lodged at the office of a Continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated P.L.C., 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either:

(i) in respect of coupons lodged on or prior to 30th April 1982, at the United Kingdom currency equivalent of the rand currency value of their dividend on 29th March 1982: or

(ii) in respect of coupons lodged after 30th April 1982, at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 17.5 cents per share arrived at as follows:

	South African Currency Cents per Share
Amount of dividend declared	25.00000
Less: South African non-resident shareholders' tax at 11.147%	2.78675
	22.21325
Less: U.K. income tax at 18.853% on the gross amount of the dividend of 25 cents	4.71325
	17.50000

For and on behalf of
Anglo American Corporation of South Africa Limited
London Secretaries
J. C. Greensmith

London Office:
40 Holborn Viaduct
London EC1P 1AJ

15th March, 1982

Note:
The Company has been requested by the Commissioners of Inland Revenue to state:

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18.853% instead of the basic rate of 30% represents an allowance of credit at the rate of 11.147%.

De Beers
De Beers Consolidated Mines Limited

BOND DRAWINGS

PERUVIAN NATIONAL LOAN
6% External Sinking Fund Bonds 1928
(Second Series)

S.G. WARBURG & CO. LTD., announce that the semi-annual redemption instalment due 1st April, 1982, has been met by purchases in the market to the nominal value of £5,400 and by a drawing of Bonds to the nominal value of £22,100.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

£1,000 Bonds
8761

£500 Bonds

7383	7502	7704	7869	8037	8253	8464

£100 Bonds

33	59	113	160	165	287	344	382	473	516
574	628	683	727	748	782	802	843	898	984
1017	1065	1102	1177	1198	1270	1278	1288	1318	1335
1391	1459	1504	1531	1559	1584	1613	1686	1730	1751
1774	1787	1844	1910	1939	1998	2009	2097	2161	2182
2205	2234	2265	2293	2322	2383	2408	2441	2496	2543
2639	2678	2710	2757	2848	2899	2920	2989	3003	3026
3062	3080	3148	3195	3258	3316	3337	3406	3424	3442
3506	3580	3581	3595	3631	3659	3730	3783	3821	3850
3895	3917	3954	4006	4071	4106	4187	4190	4226	4293
4328	4366	4412	4452	4529	4574	4599	4614	4648	4668
4694	4728	4759	4805	4862	4903	4937	4963	4996	5023
5118	5186	5200	5227	5246	5289	5304	5381	5410	5477
5538	5605	5637	5644	5697	5750	5792	5810	5898	5943
5983	6008	6036	6072	6091	6115	6138	6177	6208	6233
6280	6344	6368	6422	6454	6503	6546	6571	6656	6679
6705	6732	6764	6849	6870	6906	6930	6939	6980	7006
7029	7044	7083	7137	7169	7189				

On the 1st April, 1982, assented Bonds will become payable at the new par value of £174 for each £100 nominal, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
Coupon Department, St. Albans House,
Goldsmith Street, London, EC2P 2DL.

Interest will cease to accrue on the Bonds called for redemption on and after 1st April, 1982 and Bonds presented for payment must have attached all coupons maturing after that date.

£256,200 nominal Bonds will remain outstanding after 1st April, 1982.

The following Bonds drawn for redemption on the dates stated below have not as yet been presented for payment.

1st October, 1975
£100 Bonds
2734

1st April, 1977
£100 Bonds
3056 4316

1st October, 1977
£100 Bonds
5018

1st April, 1978
£100 Bonds
4830

1st October, 1979
£100 Bonds

133	1163	2438	3061	3117	3489	4503	4924	4897	4954
5197	5544	6983							

1st April, 1980
£100 Bonds

775	889	1181	1618	1820	2600	2733	5231	6655	6019
6106	6699								

1st October, 1980
£100 Bonds

43	112	198	440	647	774	785	881	1863	2201
2395	2422	2544	2922	2968	3318	3362	3484	3542	3884
4203	4314	4388	4742	4787	4966	5491	5707	5975	6123
6361	6449	6489	6631	6575	6687	6352	6981	7131	

£500 Bonds
7503 7992

1st April, 1981
£100 Bonds

10	40	553	707	720	1217	1498	1717	1864	1929
2093	2127	2198	2260	2304	2424	2739	3059	3288	3324
3585	3678	3729	4030	4186	4205	4367	4581	4663	4743
4975	6117	5238	5543	5630	5662	5685	5826	5876	6183
7125									

£500 Bonds
6069

£1,000 Bonds
8958

1st October, 1981
£100 Bonds

36	151	521	1110	1305	1333	1430	1481	1510	1586
1583	1682	1680	1734	1772	1878	2236	2262	2282	2405
2433	2725	3027	3432	3470	3641	4032	4229	4326	4418
4533	4654	4695	4724	4886	4916	5018	6104	5244	5266
5365	5506	5672	5735	6015	6081	6148	6179	8242	6347
6676	6899	6927	6937	6982	7023	7099	7141	7183	

£500 Bonds
7974 8401

£1,000 Bonds
8757 9055

30 Gresham Street, London, EC2P 2EB — 19th March, 1982

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SUMITOMO ELECTRIC INDUSTRIES, LTD.

NOTICE IS HEREBY GIVEN that at a meeting of the Board of Directors of Sumitomo Electric Industries, Ltd. held on March 8, 1982 it was resolved that a free distribution of shares be made to shareholders in the ratio of 0.10 share for each 1 common share of Y50 each (1 new for each 10 old) as of record date March 31, 1982.

With effect from March 27, 1982 the shares will be traded on the Japanese Stock Exchanges ex-rights. Coupon No. 3 will be used for the purpose of claiming these rights and a further notice will be published as soon as possible giving the date of distribution of the new shares.

CITIBANK, N.A., LONDON
Depositary.

March 19, 1982.

SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE S.A. S.O.F.T.E.
U.S.$50,000,000
Floating Rate Notes 1980/1986

Guaranteed by STET SOCIETA Finanziaria Telefonica per Azioni

Bondholders are hereby informed that the applicable rate for the fifth period of interest has been fixed at 15¹/₁₆%.

Coupon No. 5 will be payable as from September 16, 1982 at a price of U.S.$78.28 which is a 15¹/₁₆% interest worked out on the basis of 184/360th covering the period from March 16, 1982 to September 15, 1982 inclusive.

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

NOTICE
RICOH COMPANY LTD. (KABUSHIKI KAISHA RICOH)

To the holders of the above Company's 8.25% Convertible Bonds 1991.

NOTICE IS HEREBY GIVEN that in accordance with Clause 7(B) of the Trust Deed constituting the Bonds and condition 5(C) (X) of the Bonds that the *conversion price will be adjusted from* Yen 383.10 to Yen 345.50 with effect from April 1 1982. This adjustment results from a free share distribution of 1 free share for every 10 shares held by shareholders registered on March 31 1982.

for RICOH COMPANY LIMITED
by: The Chase Manhattan Bank N.A.
London (Principal Paying and Conversion Agent)

BANCO URQUIJO S.A. INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING BANCO URQUIJO S.A. SHARES OF 1000 PESETAS EACH

Banco Urquijo S.A. has declared a dividend of 91.78 pesetas per share. The depositary will pay the equivalent proceeds in sterling less taxes as applicable against presentation of Coupon No 1. Coupons will be accepted on or after 25th March 1982 and must be lodged three days prior to the payment.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK.
P.O. Box 161,
Morgan House,
1 Angel Court,
London, EC2R 7AE.

CITY OF MONTREAL
3% PERMANENT DEBENTURE STOCK

NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 13th April to 30th April 1982, both dates inclusive.

THE ROYAL BANK OF SCOTLAND LTD.
Registrars

Registrar's Department,
18 Old Broad Street,
London EC2N 1DL.

ALCOA OF AUSTRALIA LIMITED

Alcoa of Australia Limited advise that copies of its Report and Accounts for the year ended 31st December, 1981 are available at the offices of
Credit Suisse First Boston Limited,
22 Bishopsgate,
London, EC2N 4BQ.
attention: Records Dept.

PERUVIAN NATIONAL LOAN
6% EXTERNAL SINKING FUND BONDS 1928 (Second Series)

S. G. WARBURG & CO. LTD. (incorporating Seligman Brothers) announce that Coupon No. 107 due 1st April, 1982 from bonds of the above named loan, which have been over-printed to indicate acceptance of the offer made on behalf of the Republic of Peru, as published in "The Times" and the "Financial Times" on 1st October, 1954, may now be lodged for payment.

30, Gresham Street,
London, EC2P 2EB.

19th March, 1982.

ART GALLERIES

CLUBS

PUBLIC NOTICES

MONOPOLIES & MERGERS COMMISSION
ANGLIAN AND NORTH WEST WATER AUTHORITIES
REFERENCE UNDER SECTION 11 OF THE COMPETITION ACT 1980

The Secretary of State for Trade has asked the Commission to investigate the efficiency and costs of the Anglian and North West Water Authorities in discharging their sewerage functions.

Copies of the terms of reference can be obtained from, and anyone *wishing to make representations on* any aspect of the reference should send them to:

The Secretary
Monopolies and Mergers Commission
New Court, 48 Carey Street
London WC2A 2JT
quoting I 92/3/5.

METROPOLITAN BOROUGH OF CALDERDALE

£1,800,000 Bills issued 17/3/82 at the rate of 12⅞% to mature 16/6/82. Total applications were £11,500,000 and there were £1,800,000 Bills outstanding.

LEGAL NOTICES

WENTELBED CO. LIMITED t/a SPACESAVING BED CENTRE and IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of April, 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, PATRICK WALTER JOHN HARTIGAN, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 8th day of March 1982.
P. W. J. HARTIGAN
Liquidator

HERON MOTOR GROUP PLC

NOTICE IS HEREBY GIVEN that a petition has been presented by Heron Motor Group PLC to the Court of Session, Edinburgh for the Approval of a Scheme of Arrangement and Confirmation of a reduction in capital of Heron Motor Group PLC. By interlocutor dated 18th March 1982 the Court has appointed Heron Motor Group PLC to give Notice of the Dependence of the Petition and to appoint all parties claiming an interest to lodge answers to the Petition, if so advised, within 14 days of the date of this Notice.

DUNDAS & WILSON, C.S.,
Solicitors for the Petitioners.
25 Charlotte Square,
Edinburgh, EH2 4EZ.
19th March 1982.

IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1976 AND IN THE MATTER OF CHICO SPORTSWEAR LIMITED

Regd. Office: 423 Alexandra Avenue, Harrow, Middlesex.
Trading From: 1A Clumber Road, Leicester.

NOTICE IS HEREBY GIVEN Pursuant to Section 293 of the Companies Act, 1948 that a Meeting of the Creditors of the above-named Company will be held at Kings Head Hotel, High Street, Harrow, on 25th March 1982 at 10.00 am, for the purposes mentioned in Sections 294 and 295 of the Said Act.

Dated this 2nd Day of March 1982.
By Order of the Board.
D. RENDEL, Director.

SAINTOC LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at Eagle Star House, 28-35 Carver Street, Sheffield, S1 4FS on Monday, the Fifteenth day of March 1982, at 2.00 o'clock in the afternoon, for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this Ninth day of March 1982.
BY ORDER OF THE BOARD.
Secretary.

Companies and Markets

UK COMPANY NEWS

Overseas advance keeps Steetley fall to 5%

INCREASED interest and depreciation charges helped push down taxable profits of Steetley by 5 per cent from £18.23m to £17.27m in 1981, on higher turnover of £402.41m compared with £345.73m.

Profits from overseas operations of this minerals, construction and chemicals group increased by 37 per cent and represented 48 per cent of the £38.88m (£36.48m) operating surplus. Profits from UK operations were 14 per cent down.

At the same time as publishing these figures, Steetley has announced that agreement has been reached in principal with Harrisons and Crosfield to acquire Steetley's chemical business in Australia.

This acquisition is subject to the approval of the Australian Government under its foreign investment policy and relates to the whole of Steetley's chemical activities except the Steetley Eson division.

With earnings per 25p share stated at 23.69p (31.63p) before tax, and 15.51p (26.13p) after tax, the final dividend is being maintained at 6.5p, making a *same again total* of 10.5p.

Lord Boardman, chairman, says that following the Budget and the lowering of interest rates, he expects an improvement in many of the UK activities, but the group will have to wait for a recovery in the U.S. economy before there can be any further improvement in overseas earnings.

Looking to the year under review, he says the 5 per cent fall in taxable profits represents a good performance given the adverse trading conditions, and reflects the company's ability to weather a severe economic environment. In the UK the construction industry, now the most important sector to the group was at its lowest for many years.

There was also a reduction in the usage of refractories in steel making, while the engineering and chemical industries were very depressed.

The taxable profits include a six month contribution of £0.9m from G. H. Downing, which was acquired in July 1981, and exchange gains on consolidation of overseas profits of £1.2m. They were struck after redundancy payments of £1.2m, depreciation of £12.46m (£11.26m) and interest charges of £8.18m (£6.99m).

Tax took £7.91m (£3.39m), minority interests were £263,000 (£356,000), and after preference dividends of £12,000 (same) the attributable profits before extraordinary items came to £9.09m (£14.47m).

The extraordinary debits amounted to £6.27m (£3.04m) and include the cost of withdrawal from the Sardinia sea-water operation of £4m, and closure costs of £2m which were offset by a surplus on property disposal of £2m.

Ordinary dividends absorb £4.4m (£5.82m), and the retained balance emerged as a deficit of £2.58m (£5.62m surplus). Current cost adjustments reduced the pre-tax profits of £3.3m (£5.9m).

Returning to the sale of Steetley's Australian chemical business, Harrisons and Crosfield will acquire the assets and liabilities, other than borrowings and overdraft, and the purchase consideration will depend on a statement of assets and liabilities drawn up at the time of completion. At October 2 1981 the net assets plus the goodwill due under the agreement amounted to approximately A$20m (£11.7m at current rates).

The business is an integrated manufacturing operation carried on principally at Seven Hills in New South Wales and produces and markets in Australia various chemical products through Steetley Chemicals, Valvaline Products, Steetley Colour and Nightingale Chemicals.

It will continue to be headed by Mr Peter Stone, the managing director of Steetley's chemicals group.

The proposed divestment will not affect Steetley's other operations in Australia and it plans to redeploy the proceeds of the sale in further expansion of its mineral-based activities.

● comment

Steetley's two major acquisitions in the past three years—G. H. Downing and Gibbons Dudley—have gone a long way to help swing the balance of the group's activities from steel towards construction materials. But the severe recession in all of the group's customer industries has delayed the arrival of any benefits from this transformation. UK demand for building materials, for example, fell 20 per cent last year. Thus, while Steetley's turnover has continued to grow and trading profits have at least been flat, earnings per share have plunged 60 per cent since 1979. Interest charges were up nearly a third last year partly because of financing the £5.5m cash portion of the Downing takeover and partly because of very high interest rates in North America. With the revaluation of dollar loans and the write-offs from shareholders' funds, capital gearing could be approaching the 50 per cent level, so the £12m or so proceeds from the Australian sale will be welcome. Now that the North American economy is depressed, it remains difficult to predict the speed of Steetley's profit recovery. At 181p, up 5p, the shares yield 8.6 per cent on a maintained dividend that is covered less than 1½ times in historic cost terms.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Mills and Allen International, Minerals and Resources Corporation, Wolsley and Gillow.

Finals: BL, Midland Bank, Mondiori (Keeling Mills), George Oliver (Footwear).

FUTURE DATES

Interims—	
Amalgamated Distilled Products	Mar 25
Makin (J. and J.) Paper Mills	Mar 25
United Wire	Apr 29
Finals—	
A.P.V.	Mar 30
Bamsell (C. D.)	Apr 19
Equity and Law Life Assur.	Mar 23
Freemans	Mar 29
Glynwed	Mar 29
Lambert Howarth	Mar 23
London and Manchester	Mar 24
Mandana	Mar 25
Reckitt and Colman	Mar 30

Liverpool Post rises to £3.9m

IN SPITE of sustained pressure on advertising volumes on newspapers in the UK, Liverpool Daily Post and Echo taxable profits rose sharply from £1.54m to £3.87m in 1981.

A final net dividend of 6.5p (6.038p) per 50p share is proposed making a total of 10.2p (9.5p). Stated earnings per share are 18.4p against 10.2p.

Additional problems facing the group in the UK were the effects of the "bingo" promotion by national newspapers chasing circulation and a substantial increase in newsprint costs from weakening sterling.

The directors say the profit from the UK daily and weekly newspapers of £1.4m was achieved partly by cost-cutting measures implemented towards the end of 1980 and by the introduction of photo-typesetting.

Overseas, say the directors, the North American newspapers returned record profits led by an impressive performance from Canada.

In Canada, the new direct-entry systems of newspaper composition made it possible to process increased advertising at limited additional cost, they say. Also, North American earnings were further enhanced on conversion to sterling.

The directors point out that the group's papermaking and packaging division made record profits of more than £2m reflecting growth in output and substantial changes to the divisional product mix.

The relative strength of the dollar over the previous year's rate eased pressure on selling prices considerably at the group's Trinity Paper Mills, the directors add.

Turnover for the year rose by £13.24m to £62.57m. Tax took £1.8m against £396,000 while interest was up at £1.05m compared with £266,000.

● comment

Efficient use of the scalpel has much to do with The Post and Echo's recovery, which is even more spectacular at the trading level. In 1980 the Liverpool Daily Post's battle with the NGA had cost £1.3m above the line, and a similar amount in redundancy costs, but the more streamlined UK newspaper division has now responded with a £1.7m turnround, despite a further decline in advertising revenues. In Canada too, increased efficiency with the advent of direct entry systems has helped. The 75 per cent surge in profits from paper and packing is more surprising. The benefits of surviving the capacity shake out is a factor, but further improvement will depend on getting increased throughput from the new Sandy factory. Borrowings at £5.2m are £2m down on the previous year end, and this year interest charges should be lower. The share price, having already hit an eight year high of 152p on Wednesday, surged to 165p before closing at 160p, yielding 9.5 per cent and on a p/e of about 9½.

Bejam rises to £5.8m midway

WITH SATISFACTORY trading conditions leading to retail sales of food up 20 per cent and sales of freezers and microwave cookers up 19 per cent, first half taxable profits to January 2 1982, of Bejam Group rose from £4.52m to £5.76m. Turnover increased by £16.83m to £114.56m.

The interim dividend of this frozen food and freezer retailer is being raised from an adjusted 0.9375p net per 10p share to 1.25p. Last year an adjusted total of 2.0625p was paid from pre-tax profits of £9.02m, together with a one-for-three scrip issue.

However, Mr J. D. Apthorp, chairman, points out that the profit figure was depressed last time by losses of £303,000 incurred by the now-sold restaurant division.

After eliminating these losses and sales he says the net profit percentage of the continuing business remained unchanged at slightly over 5 per cent of turnover.

He added that the difficulties experienced by shoppers in early January as a result of the weather served to remind customers of the value of their freezers. The company suffered a small loss of turnover when the weather was at its worst; but this was more than made good in subsequent weeks and the overall food sales for the first 10 weeks of the current half year were marginally ahead of budget.

During the six months, 12 new freezer food centres were opened of which four replaced smaller stores in the same towns. The directors are particularly pleased by the results from the four stores in Scotland where the group was relatively unknown. The average retail space of the 12 new stores is 5,752 sq ft and this illustrates the upgrading potential which remains when compared with the overall average of 4,000 sq ft in the 179 stores with which Bejam ended the period. Work is already well in hand at six more sites for new stores due to open in the second half of the current year, while three existing stores are in the process of being extended, Mr Apthorp says.

Stated earnings per 10p share rose from an adjusted 2.669p to 3.39p. Tax took £2.48m (£1.94m) leaving net profits of £3.29m (£2.58m), and the dividends absorb £1.21m (£905,000).

● comment

With an underlying 20 per cent pre-tax midyear growth Bejam Group maintained momentum and stayed close to expectations. Having shaken the loss-making fast food business out of its hair and enjoying a strong net cash position, the group should be within strolling distance of £11.5m for 12 months. The lack of extra midway spark left the share price down 4p at 125p yesterday, which points to a prospective fully taxed p/e of over 21, and more excitement in the future. This outlook for the second half is without allowing for any stimulation to frozen food turnover from the rise in freezer sales or increasing benefits coming from the rapid expansion in selling space. However, Bejam's experience of food inflation, of between 3 and 4 per cent compared with an industry average of around 7 per cent, is unlikely to last. The effect of the weaker pound is beginning to filter through. This could put margins, currently around 5 per cent, under pressure, particularly if supermarket competitors use the opportunity for a price war in a bid to melt the group's so far unassailed market strength.

James Fisher advances

James Fisher and Sons, the shipowner, ship and insurance broker, ended 1981 with taxable profits up from £3.06m to £3.93m, after an advance from £2.15m to £2.37m at midway.

The directors said then that they expected a satisfactory second half. However, they now state that while the world wide recession continues, with so many areas of uncertainty and no sign of any real upturn in trade, they find it difficult to make a forecast for the current year.

The dividend for 1981 is stepped up from 2.15p to 2.65p with a final of 1.5p net. Earnings per 25p share moved ahead from 12.8p to 16.24p after tax of £227,000 (£181,000).

Turnover rose to £16.53m (£14.53m), there were extraordinary credits this time of £1.08m (£28,000) and on a CCA basis post-tax profits totalled £2.68m (£1.14m).

A. & J. Mucklow ahead at £2.33m

ALTHOUGH DEMAND for new factories has remained flat and rental rates static, taxable profits of property rental and estate developer A. and J. Mucklow Group rose from £1.81m to £2.33m for the half year to December 31 1981.

Mr Albert Mucklow, chairman, says some new lettings have been made and rent reviews have proceeded. Gross rentals are up from £2.77m to £3.1m.

A net interim dividend of 2p (1.85p) per 25p share will be paid. Stated earnings per share are up at 3.6p against 2.96p.

Last year a final of 3.88p was paid while earnings per share were 7.67p.

Turnover from trading activities was reduced from £4.11m to £2.44m. Mr Mucklow says this was because of the reduction in the number of houses sold. He expects the second half to produce better results.

Taxable profits were struck after increased investment income of £2.28m (£1.76m), and trading losses of £16,000 compared with profits of £48,000 last time.

Mr Mucklow says adverse economic conditions will continue to restrain progress, but investment income should continue to grow in the second half, reflecting new lettings plus rent reviews.

Also, with an anticipated contribution from the trading side, he expects a further improvement in pre-tax profits in the second half.

Tax took £426,000 (£360,000) leaving profits after tax of £1.91m against £1.45m.

CURRENCIES, MONEY and GOLD

$ & £ advance

Dollar advanced against most major currencies as interest rates in Germany, the Netherlands and Switzerland were cut. French interest rates rose sharply, but the French franc, Italian lira and Belgian franc all fell within the European Monetary System, while the French and Italian currencies touched record lows against the dollar.

Sterling closed unchanged against the dollar, but maintained its firmer trend overall, advancing against European currencies and the yen.

DOLLAR — Trade-weighted index (Bank of England) 114.3 against 113.8 on Wednesday and 107.3 six month ago. Three-month Treasury bills 12.68 per cent (14.25 per cent six months ago). Annual inflation rate 8.4 per cent (8.9 per cent previous month—The dollar rose to DM 2.3740 from DM 2.3715 against the D-mark; to FFr 6.20 from FFr 6.1375 against the French franc, after touching a record FFr 6.21; to SwFr 1.8850 from SwFr 1.8810 in terms of the Swiss franc; and to Y242 from Y241.15 against the Japanese yen.

STERLING — Trade-weighted index 91.1 against 90.9 at noon, 90.8 in the morning, 90.7 at the previous close, and 87.0 six months ago. Three-month interbank 13¾ per cent (15 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling closed unchanged at $1.8095-$1.8105 against the dollar, after trading within a narrow range of $1.8060-1.8130. It opened at $1.8090-1.8100. The pound rose to DM 4.30 from DM 4.2950; to FFr 11.22 from FFr 11.10; to SwFr 3.4150 from SwFr 3.4050, and to Y438 from Y436.50.

D-MARK—EMS member (third strongest). Trade-weighted index 123.3 against 122.9 on Wednesday, and 120.8 six months ago. Three-month interbank 9.80 per cent (12.30 per cent six months ago). Annual inflation 5.8 per cent (6.3 per cent previous month)—The D-mark improved against most currencies at the Frankfurt fixing, but weakened slightly against sterling. The Bundesbank did not intervene when the dollar fell to DM 2.3740 from DM 2.3754, while the Swiss franc fell to DM 1.2605 from DM 1.2625. The German currency gained ground against all members of the EMS despite a cut in the German central bank's special Lombard rate to 9½ per cent from 10 per cent.

FRENCH FRANC—EMS member (weakest). Trade-weighted index 78.6 against 79.2 on Wednesday, and 84.7 six months ago. Three-month interbank 17⅛ per cent (17¾ per cent six months ago). Annual inflation 13.9 per cent (14.0 per cent previous month)—The franc lost ground to all major currencies at the Paris fixing, falling very *sharply to the bottom of the* EMS, and touching a record low against the U.S. dollar. There were reports of extremely heavy intervention by the Bank of France, selling about DM 300m as the D-mark rose to a record FFr 2.6059 from FFr 2.5825. At the same time the dollar touched a *best ever level of FFr 6.1850*, against FFr 6.1330, and continued to advance above FFr 6.20 in the afternoon. The Belgian franc, which also weakened in the EMS yesterday, rose to FFr 13.9020 from FFr 13.8500 per 100 Belgian francs at the fixing. Following *the recent weakness of the franc* the Bank of France increased its seven-day Treasury bill rate to 18 per cent from 13.75 per cent.

DUTCH GUILDERS — EMS member (strongest). Trade-weighted index 115.2 against 115.1 on Wednesday, and 111.9 six months ago. Three-month interbank 9¼ per cent (12¼ per cent six months ago). Annual inflation 6.8 per cent (6.9 per cent previous month)—The guilder showed mixed changes at the Amsterdam fixing, following the cut of ½ per cent to 8 per cent in the Dutch discount rate.

THE POUND SPOT AND FORWARD

March 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8060-1.8130	1.8095-1.8105	0.18-0.28c dis	−1.52	0.85-0.75dis	−1.55
Canada	2.1950-2.2010	2.1975-2.1985	0.35-0.45c dis	−2.18	1.20-1.30dis	−2.27
Nethlnd.	4.71-4.75	4.72¼-4.73¼	2-1½c pm	4.44	5¾-5¼ pm	4.55
Belgium	80.30-81.00	80.75-80.90	35-65c dis	−7.42	75-105 dis	−4.45
Denmark	14.46-14.55	14.50-14.51	2-3ore dis	−2.07	7-9½ dis	−2.27
Ireland	1.2160-1.2340	1.2320-1.2330	0.65-0.75p dis	−6.86	1.75-1.95dis	−6.02
W. Ger.	4.28-4.31½	4.29½-4.30½	1⅝-1¼pf pm	4.19	4¾-4¼ pm	4.10
Portugal	126.00-127.25	126.60-126.90	65-195c dis	−12.31	200-420 dis	−9.78
Spain	188.70-189.20	188.85-189.05	20-45c dis	−2.06	115-150 dis	−2.80
Italy	2,334-2,361	2,359-2,361	12-22 lire dis	−10.42	55-58 dis	−9.58
Norway	10.87-10.91	10.88¼-10.89¼	½-1½ore dis	−1.10	4½-5½ dis	−1.84
France	11.14-11.25	11.21½-11.22½	12¼-14¼c dis	−14.17	24½-27½ dis	−9.27
Sweden	10.53-10.58	10.56-10.57	¼-¾ore pm	0.50	1½-1 pm	0.50
Japan	435-441	437½-438½	2.70-2.40y pm	6.99	7.40-7.10 pm	6.62
Austria	30.05-30.25	30.18-30.23	15-11gro pm	5.16	35-28 pm	4.17
Switz.	3.40-3.43	3.41-3.42	2½-2c pm	7.91	6¾-6¼ pm	7.47

Belgian rate is for convertible francs. Financial franc 89.00-90.00. Six-month forward dollar 1.32-1.42c dis, 12-month 2.35-2.50c dis.

THE DOLLAR SPOT AND FORWARD

March 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8060-1.8130	1.8095-1.8105	0.18-0.28c dis	−1.52	0.85-0.75dis	−1.55
Ireland†	1.4680-1.4825	1.4690-1.4700	0.70-0.60c pm	5.31	1.75-1.55 pm	4.49
Canada	1.2140-1.2155	1.2147-1.2152	0.06-0.09c dis	−0.74	0.22-0.26dis	−0.79
Nethlnd.	2.6040-2.6170	2.6090-2.6120	1.40-1.30c pm	6.20	3.95-3.85 pm	5.97
Belgium	44.35-44.86	44.64-44.66	15-30c dis	−8.05	25-40 dis	−2.91
Denmark	7.9950-8.0325	8.0225-8.0475	0.15ore pm-par	0.11	0.40-0.90dis	−0.32
W. Ger.	2.3680-2.3780	2.3735-2.3745	1.18-1.13pf pm	5.84	3.40-3.35 pm	5.69
Portugal	70.00-70.30	70.00-70.20	30-95c dis	−10.70	85-200 dis	−8.13
Spain	104.20-104.45	104.25-104.30	par-10c dis	−0.57	25-40 dis	−1.24
Italy	1,291¼-1,305½	1,302½-1,304½	8-10 lire dis	−8.73	26-28 dis	−8.27
Norway	6.0100-6.0225	6.0175-6.0225	0.20ore pm-par	0.20	0.20-0.40dis	−0.20
France	6.1575-6.2100	6.1975-6.2025	6-7c dis	−12.58	11-13 dis	−7.74
Sweden	5.8175-5.8450	5.8350-5.8450	1.10-0.90ore pm	2.05	3.20-3.00 pm	2.12
Japan	240.40-242.50	241.95-242.05	1.75-1.60y pm	8.30	4.85-4.80 pm	8.06
Austria	16.64-16.69¼	16.68-16.69	10¼-9gro pm	6.92	25-23 pm	5.87
Switz.	1.8770-1.8890	1.8845-1.8865	1.50-1.42c pm	2.29	4.20-4.12 pm	8.83

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.1	−32.7
U.S. dollar	114.3	+6.5
Canadian dollar	88.7	−17.4
Austrian schilling	116.2	+25.1
Belgian franc	95.4	−1.5
Danish kroner	83.8	−13.8
Deutsche mark	123.3	+46.6
Swiss franc	155.2	+108.4
Guilder	115.2	+22.0
French franc	78.6	−15.7
Lira	54.2	−58.3
Yen	135.0	+30.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Mar. 17	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.621552	0.560896
U.S. $	18	1.12358	1.01494
Canadian $	13.06	1.36844	1.23385
Austria Sch.	6¾	18.7614	16.9394
Belgian F	13	42.7634	44.9617
Danish Kr.	11	8.26728	8.10278
D mark	7½	2.66825	2.41042
Guilder	8½	2.28861	2.64494
French Fr.	9½	6.89092	6.22565
Lira	19	1448.05	1305.08
Yen	5½	272.131	244.702
Norwgn. Kr.	9	6.76868	6.11086
Spanish Pta.	8	117.174	105.858
Swedish Kr.	10	6.54235	5.01508
Swiss Fr.	6	2.11458	1.81296
Greek Dr'ch.	20½	—	62.4646

OTHER CURRENCIES

Mar. 18	£	$		£ Note Rates
Argentina Peso	10,770-12,720†	10,900-10,950†	Austria	30.00-30.30
Australia Dollar	1.7090-1.7110	0.9440-0.9445	Belgium	88.20-89.20
Brazil Cruzeiro	263.12-264.12	145.28-146.01	Denmark	14.41-14.55
Finland Markka	8.240-8.263	4.5610-4.5630	France	11.13-11.23
Greek Drachma	109.235-112.580	61.45-61.65	Germany	4.27½-4.31½
Hong Kong Dollar	10.49-10.50½	5.8000-5.8050	Italy	2300-2345
Iran Rial	147.40*	81.70*	Japan	436-442
Kuwait Dinar (KD)	0.511-0.517	0.2845-0.2847	Netherlands	4.69½-4.73½
Luxembourg Fr.	80.75-80.90	44.64-44.66	Norway	10.85-10.95
Malaysia Dollar	4.2050-4.2150	2.3245-2.3270	Portugal	124¾-130
New Zealand Dlr.	2.3265-2.3885	1.2860-1.2870	Spain	183½-194
Saudi Arab. Riyal	6.15-6.21	3.4190-3.4210	Sweden	10.50-10.60
Singapore Dollar	3.83-3.84	2.1185-2.1205	Switzerland	3.32¼-3.43¼
Sth. African Rand	1.8660-1.8680	1.0310-1.0320	United States	1.80-1.82
U.A.E. Dirham	6.61-6.67	3.6715-3.6735	Yugoslavia	88-99

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.0441	+0.78	+0.78	±1.5440
Danish Krone	8.18382	8.11240	−0.87	−0.87	±1.6428
German D-Mark	2.41816	2.40259	−0.64	−0.64	±1.1097
French Franc	6.19564	6.25973	+1.03	+1.03	±1.3743
Dutch Guilder	2.67296	2.64180	−1.17	−1.17	±1.5069
Irish Punt	0.686799	0.685632	−0.17	−0.17	±1.6689
Italian Lira	1305.13	1310.66	+0.42	+0.42	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for March 18 .... 0.560838

EXCHANGE CROSS RATES

Mar. 18	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.810	4.300	438.0	11.22	3.415	4.728	2360.	2.188	80.83
U.S. Dollar	0.552	1.	2.376	242.0	6.199	1.887	2.612	1304.	1.214	44.65
Deutschemark	0.233	0.421	1.	101.9	0.600	0.794	1.009	548.8	0.511	18.80
Japanese Yen 1,000	2.283	4.132	9.817	1000.	25.68	7.707	10.70	5388.	5.018	184.4
French Franc 10	0.891	1.613	3.832	390.4	10.	3.044	4.213	2103.	1.259	78.04
Swiss Franc	0.293	0.530	1.258	128.3	3.285	1.	1.384	691.1	0.644	23.67
Dutch Guilder	0.212	0.383	0.910	92.65	2.373	0.722	1.	499.2	0.465	17.10
Italian Lira 1,000	0.424	0.767	1.822	185.6	4.754	1.447	2.005	1000.	0.931	34.25
Canadian Dollar	0.456	0.823	1.956	199.5	5.105	1.554	2.151	1074.	1.	36.77
Belgian Franc 100	1.237	2.238	5.320	541.8	13.88	4.226	5.848	2920.	2.719	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 1/16	offer 15 3/16	bid 15 1/16	offer 15 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MONEY MARKETS

UK rates steady

London clearing bank base lending rate 13 per cent (since March 12)

Interest rates showed little change in the London money market yesterday. The Bank of England again tried to ensure that short-term credit remained in reasonable supply and with interest rates falling in many European centres sentiment appeared to be quite bullish. Overnight money in the inter-bank market opened at 15¼-13¾ per cent and eased to 13-13¼ per cent on the morning's help before rising to 13¼-13½ per cent. Closing balances were taken at 12-13 per cent. One week money was quoted at 13¼-13½ per cent, against 13¼-14 per cent while the three-month rate remained at 13⅛-13¼ per cent.

The Bank of England forecast a shortage of £300m with bills maturing in official hands and a net take up of Treasury bills accounting for £365m. This was partly offset by Exchequer transactions of £60m. The Bank gave assistance in the morning of £327m, comprising purchases of £5m of eligible bank bills in band 1 (up to 14 days) at 13⅛ per cent and in band 2 (15-33 days) £20m of eligible bank bills at 13 per cent. In band 3 (34-63 days) it bought £50m of Treasury bills and £34m of eligible bank bills at 12⅞ per cent and in band 4 (64-91 days) it bought £1m of Treasury bills and £28m of eligible bank bills at 12⅜ per cent.

The shortage was later revised to £350m and the authorities gave additional help of £20m, buying £20m of eligible bank bills in band 2 at 13 per cent to make a grand total of £347m.

European interest rates were mostly lower yesterday, with the notable exception of France. The West German Bundesbank cut its special Lombard rate to 9.5 per cent from 10 per cent while leaving its discount rate unchanged at 7.5 per cent. In Zurich the Swiss National Bank cut its discount rate to 5.5 per cent from 6 per cent.

GOLD

Some recovery

Gold showed signs of recovery in the London bullion market yesterday, rising $10 to $320-321, the highest level of the day. It opened at $320¼-321¼ and was fixed at $322.40 in the morning, and $320.00 in the afternoon. The metal touched a low point of $319-320.

In Paris the 12½ kilo gold bar was fixed at FFr 66,000 per kilo ($331.90 per ounce) in the afternoon, compared with FFr 65,000 ($327.60) in the morning, and FFr 63,850 ($323.81) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 24,500 per kilo ($320.03), against DM 24,130 ($315.99) previously, and closed at $320-321, compared with $315-316.

	Mar. 18	Mar. 17
Gold Bullion (fine ounce)		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins		
Krugerrand	[illegible]	[illegible]
1/2 Krugerrand	[illegible]	[illegible]
1/4 Krugerrand	[illegible]	[illegible]
1/10 Krugerrand	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
King Sovereigns	[illegible]	[illegible]
Victoria Sovs.	[illegible]	[illegible]
French 20s	[illegible]	[illegible]
50 pesos Mexico	[illegible]	[illegible]
100 Cor. Austria	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]

LONDON MONEY RATES

Mar. 18 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10-10½ per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 12.4850 per cent. Certificates of Tax Deposits (Series 6) 13½ per cent from March 8. Deposits withdrawn for cash 11 per cent.

MONEY RATES

NEW YORK	
Prime rate	16½
Fed. funds (lunch-time)	14¼-15⅛
Treasury bills (13-week)	12.68
Treasury bills (26-week)	12.66
GERMANY	
Special Lombard	9.50
Overnight rate	9.875
One month	9.75
Three months	9.70
Six months	9.676
FRANCE	
Intervention rate	14.0
Overnight rate	17.0
One month	17.0
Three months	17.0625
Six months	16.125
JAPAN	
Discount rate	5.50
Call (unconditional)	6.59375
Bill discount (three-month)	6.53125

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

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Pan Am—Braniff South American deal sparks row

BY PAUL BETTS IN NEW YORK

THE NOVEL $30m deal between Pan American World Airways and Braniff International whereby Pan Am would take on most of Braniff's South American routes for four years is developing into a major row in the U.S. airline industry.

Air Florida, the fast growing Miami-based airline, has also applied to take over Braniff's South American routes and another Miami-based airline, Eastern, is also understood to be contemplating making an application with the U.S. Civil Aeronautics Board (CAB) for Braniff's South American operations.

For its part, the CAB has already indicated it is concerned and confused by the Pan Am-Braniff deal announced on Wednesday night and designed to bail out Braniff, which is currently facing a desperate cash squeeze.

The deal is the first of its kind between two competing U.S. airlines. The CAB faces the difficult task of deciding whether the arrangement would reduce competition on U.S. flights to Latin America. At the same time, if it does not approve the deal, the CAB could eventually be blamed should Braniff go bankrupt.

Braniff claims the deal "means nothing less than survival" for the loss-plagued airline and is pressing the CAB to give immediate approval to the Pan Am transaction.

The deal would give Pan Am, which with Braniff is the main U.S. carrier in the U.S.-South American market, all Braniff South American operations with the exception of Venezuela. In return, Pan Am would pay Braniff $7m in cash immediately, an additional $13m after CAB approval and a further $10m in 1983.

But Air Florida, which filed an application to operate Braniff's South American routes only 11 minutes after Pan Am and Braniff announced their venture, has argued that if Braniff cannot carry out its obligations then all airlines should have an opportunity to bid for them.

Air Florida, which until recently was run by Mr Edward Acker, who now heads Pan Am, claimed the deal was not in the public interest because Pan Am already owned significant U.S.-Latin American route rights. Eastern has also claimed that the deal was tantamount to making Pan Am the exclusive U.S. airline in South America.

Both Air Florida and Eastern are present in the South American market. The stakes are particularly high as Pan Am, Air Florida and Eastern all operate out of Miami airport which is fast becoming the main gateway to the Americas. Moreover, about 80 per cent of Braniff's Latin American flights originate in Miami.

Nova in new move on Alsands project

By Robert Gibbens in Montreal

NOVA, the big west Canada-based energy group headed by Mr Robert Blair has made a new proposal which could keep Alberta's C$13bn (US$10.7bn) Alsands oil sands project alive.

Mr Blair was present when Mr Marc Lalonde, Federal Energy Minister, and Mr Merv Leitch, Alberta's Energy Minister, met this week for further Alsands negotiations in Winnipeg. While Nova is not revealing full details of its proposals, it would involve a major financial restructuring of the project.

A minimum rate of return of 20 per cent would be guaranteed, broader government loan support would be given and larger government cash grants. A number of other provisions are designed to attract private sector companies so that full tax write-offs available could be applied.

Nova could take a 25 per cent interest and four or five other companies could become investors in Alsands if the commercial terms were satisfactory.

Alsands would produce nearly 140,000 barrels a day of synthetic oil from a tar sands extraction plant in northern Alberta.

The project is already three years behind schedule, primarily because of the long Federal Provincial quarrel on oil and gas revenue sharing and prices. Both Federal and Alberta Governments have argued up to now that Alsands was needed to meet the national oil self sufficiency target, but in recent weeks their commitment has weakened.

Shell Canada, which has spent more than C$100m in preparatory work for the project, retains a 25 per cent interest as operator and Gulf Canada 8 per cent. Both companies have said that unless agreement for a go-ahead is reached by the end of this month they will pull out.

Petro-Canada, the national oil company, inherited a 17 per cent interest in Alsands last year with its takeover of Petrofina Canada.

Nova has capital commitments of more than C$2bn in the next two or three years for oil and gas exploration and development, heavy oil development in Saskatchewan for petrochemicals and its equity role in the Alaska Highway gas pipeline in Canada.

David Lascelles looks at Kawasaki Heavy's $275m New York subway car deal

A contract a foreigner was sure to win

A PREDICTABLE rumpus yesterday greeted the decision by New York's Metropolitan Transportation Authority (MTA) to award a $275m subway car contract to Kawasaki Heavy Industries of Japan and not a U.S. company. But the truth of the matter is that the U.S. subway car building industry has been so hard-hit that only one domestic manufacturer survives — the Budd Company — and it is owned by Thyssen of West Germany.

Like so many heavy industries in the U.S., the railroad equipment business has been cut to ribbons by foreign competition, mainly from Japan but also to some extent from Europe. Foreigners have tended to enjoy a cost advantage over local manufacturers because of lower wage levels, superior efficiency and, in some cases, subsidised steel prices. But a key factor has also been subsidised financing, and this appears to have been the clincher in the New York deal.

The 325 cars, which cost a little less than $850,000 each, will be backed by a $126m loan from the Japanese Export-Import Bank. This represents 46 per cent of the contract price, but there is provision for escalation. The effective rate on the loan is 12.25 per cent which consists of 9 per cent on the loan itself plus $40,000 per car in what is termed a "yen exchange rate risk fee."

But the cheapness of the financing was not its only appeal. It also enabled the MTA to get around a U.S. law which obliges local authorities to "buy American" when projects are financed by funds from the Federal Government. As it is, the subway deal will now be financed in part by the Japanese Government and in part from the MTA's own resources, mainly bonds sold in the capital markets.

However, the MTA sought the largest number of bidders possible to head off controversy and sharpen competition in the hopes of bringing down the price. Initially the invitation to tender attracted only Kawasaki and the Budd Company, and the MTA failed to persuade the Pullman Company to go back on its recent decision to pull out of the railway passenger equipment business. (Pullman had just been taken over and its new masters, Wheelabrator-Frye, had firm ideas about what they wanted to do with it.) But the MTA did succeed in getting tenders from Bombardier of Canada and Francorail of France, though they were never firmly in the running because of late delivery dates.

In the final contest, Budd was asking slightly less than Kawasaki, but because it could not complete delivery before 1987 against Kawasaki's 1985, the effective final cost including the delay would have been higher.

In awarding the contract to Kawasaki, the MTA insisted that as many of the components as possible be made in the U.S. The proportion will probably be around 43 per cent. It cannot be more than 50 per cent because that would disqualify it from the Japanese export financing.

The MTA also noted that had the deal gone to Budd, it would ultimately benefit a foreign company too, and many of the parts would have been made abroad.

Budd may still get a look in, however. This week's deal is only the first stage in a massive $7.9bn five-year investment programme to modernise New York's crumbling subway system. It includes $1.6bn for 1,376 subway cars.

The MTA is now negotiating with Budd, Francorail and Bombardier for the remaining 825 cars.

Kawasaki's triumph further reinforces its strong position in the U.S. mass transit market where it is already supplying cars for Philadelphia's subway system. But many other foreign concerns are in on the act too. Japan's Tokyo Car Corporation is making trams for Buffalo, Breda Ferroviaria of Italy supplied the new subway systems in Cleveland and Washington, DC, Siemens-Düwag of West Germany is making trams for San Diego, and Franco-Belge is supplying cars for the new mass transit system in Atlanta, Georgia.

Westland Utrecht passes dividend after annual loss

BY OUR FINANCIAL STAFF

THE TROUBLED Dutch mortgage bank, Westland Utrecht Hypotheekbank, is to pass its dividend for 1981 after a Fl 143m reverse to a Fl 122.7m ($26.1m) net loss last year.

The bank also said it was looking into the opportunities available to it now that the central bank has agreed to consider applications from commercial banks and financial institutions to take larger shareholdings in mortgage banks.

Westland has already received considerable support from the financial community, with the central bank last year forming a consortium of banks and financial institutions to buy Westland's mortgage bonds in a move to restore order to the mortgage bond market. Later a leading pension fund agreed to buy Fl 3bn of mortgages from Westland.

At the operating level the bank was in the black by Fl 17.3m last year, with most of the slightly improved Fl 110.7m profit from its loan division offset by almost doubled losses of Fl 93.4m in the property division. In 1980 there was a Fl 54.5m operating profit.

Safra to merge TDBH with Republic New York

BY WILLIAM HALL, BANKING CORRESPONDENT

MR EDMOND SAFRA, who controls one of the world's biggest private banking empires, is planning to merge his Luxembourg-based master company, Trade Development Bank Holdings (TDBH), with its New York affiliate, Republic New York Corporation (RNYC).

Mr Safra owns close to two-thirds of TDBH, whose main assets are Trade Development Bank, the largest foreign-owned bank in Switzerland, and 61 per cent of Republic National, which owns New York's eleventh largest bank.

RNYC is quoted on the New York Stock Exchange and TDBH on the Luxembourg and London stock exchanges. The combined group boasts total assets of $12bn and capital resources of $920m.

The boards of TDBH and RNYC said yesterday they had decided after careful consideration of a preliminary internal study to investigate further the possibility of an amalgamation.

It has not yet been decided which entity would be the ultimate parent company but at the moment it seems more likely that Republic National will emerge as the top company.

Although established some years after the Swiss bank, it has been growing more rapidly and its assets of $7.7bn are roughly three times as large as Trade Development Bank Geneva. If the merger goes through the hidden reserves of the Swiss BZank and the Luxembourg company will have to be revealed.

TRADE DEVELOPMENT BANK

	Holding in figures	
	Attributable profits ($m)	Total Assets ($bn)
1974	20.8	2.14
1975	21.6	2.64
1976	23.1	3.25
1977	28.6	4.17
1978	33.7	5.27
1979	44.4	7.07
1980	63.7	9.98
1981	78.1	12.09

If the deal is consumated, the new group would rank among the top dozen U.S. banks. Aside from the big Swiss subsidiary, which has branches in London, Chiasso and Nassau, the group owns a French bank with three branches, a Panamanian bank with an Athens branch and a Uruguayan bank with a couple of branches.

Republic National has 32 branches in New York, international subsidiaries in Los Angeles and Miami, and overseas operations in Hong Kong, Santiago de Chile, Nassau and the Cayman Isles.

The group believes that by merging the two holding companies into one owning two big banks it will have better access to the world's biggest capital market.

No financial terms have been discussed and the boards of the U.S. and Luxembourg companies stress that the interests of the customers and minority shareholders need to be fully protected.

Yesterday the Trade Development Bank Holding announced a 23 per cent increase in after tax earnings to $78.1m (before a $5.4m exceptional profit) and increased its dividend from $1.25 (including a $0.25 anniversary bonus) to $1.40 a share.

Mr Safra, aged 50, started his first bank when he was in his early twenties in Brazil and Banco Safra now ranks as one of Brazil's bigger banks, with assets of $1.5bn, although it is now controlled by other members of the family. In 1956 he moved to Geneva and set up Sudafin Societe Financiere which changed its name to Trade Development Bank (TDB) four years later.

Strong rise for Bond Corporation

By Our Financial Staff

BOND CORPORATION Holdings, the main quoted company of Mr Alan Bond, the Western Australian businessman, has more than doubled its interim pre-tax profits, although a major factor in the rise was a change in equity accounting principles. The company has also announced a one-for-two rights issue to raise A$23m (US$24.4m).

The company's share price had fallen sharply late last month amid rumours about the company's financial health. The price recovered somewhat when the company said it knew of no reason for the decline.

The shares closed at A$1.30 yesterday before the results were relased, down 10 cents on the day and down slightly from the levels of last month. The rights issue will be at A$1 a share.

Pre-tax profits for the six months ended December totalled A$9.45m against A$4.88m a year earlier. The latest period does not include a contribution from Swan Brewery, the Perth company BCH is taking over for about A$160m.

Net profits rose from A$3.38m to A$6.55m, or to A$6.91m including a small extraordinary gain. The accountancy change boosted the net by A$2.2m. Interest charges rose to A$10.96m from A$6.85m. Turnover rose by 12 per cent to A$152.79m from A$136.26m.

INTERNATIONAL CAPITAL MARKETS

Gulf Oil offers $175m bond

BY ALAN FRIEDMAN

TWO NEW Eurodollar bonds totalling $325m were launched yesterday as Continental bond markets registered price rises in response to interest rate cuts in West Germany, Switzerland and the Netherlands.

A $175m 12-year issue for Gulf Oil is being offered through Salomon Brothers, CSFB and Merrill Lynch. The paper is of the adjustable coupon variety, meaning that its present 14¼ per cent coupon may be changed at the borrower's option every three years. Likewise, bondholders have the option of redeeming the paper at par every three years.

With a price of 99¾ per cent, the Gulf Oil bonds yield 14.36 per cent at issue price. By contrast, three year Eurodollar deposit money was yielding 15¼ per cent last night. There can be no question that the Gulf deal is priced aggressively, but it is a Triple A name and the market is currently emphasising its traditional penchant for quality issuers.

At the other end of the spectrum is the new $150m 10-year issue for Banobras, the Mexican public works financing bank. S. G. Warburg is leading the offer, which provides a 17¼ per cent coupon at par and a bondholder's redemption option after five years.

In the secondary market prices of fixed-interest Eurodollar bonds increased by ¼ to ½ point yesterday in moderate trading. There is a firm undertone in the dollar sector and yesterday's European interest rate reductions should provide further encouragement.

From Tokyo comes the news that a planned $100m convertible bond issue for Mitsubishi Corporation is being postponed because of the recent slump in Japanese share prices. Morgan Stanley was to have been a joint lead-manager.

The Euro D-mark and Swiss franc foreign bonds were both firm last night as a result of interest rate cuts in both countries. Prices rose by as much as ½ point.

Australia's SwFr 100m 10-year issue through Credit Suisse was priced yesterday with a lower than indicated coupon. The coupon was cut from 6¾ to 6½ per cent for this popular name.

● Peter Montagnon adds: Kansas City Power and Light has arranged a $100m three year revolving Eurocredit under the sole lead management of Merrill Lynch. The credit bears a margin of ⅜ per cent over Libor.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 23.

Closing prices on March 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103⅝	104⅛	+0⅛	+0⅛	15.46
APS Fin. Co. 17¼ 86 ...	80	106⅜	105⅞	0	−0⅛	15.35
APS Fin. Co. 16¼ 89 ...	75	103⅞	104⅛	+0⅛	+0⅛	15.27
Armco O/S Fin. 15⅞ 86 ..	50	98⅝	99⅛	0	−0⅞	15.66
Australian Ind. 15½ 87	25	†98¼	98¾	0	+0⅛	15.94
Baker Int. Fin. 0.0 92	225	23⅞	24⅛	−0⅛	−1⅛	16.68
Bank Montreal 16¼ 91	150	103⅛	103⅝	−0⅛	−0⅛	15.51
Br. Colum Hyd. 16¼ 88	100	103⅛	103⅝	0	−0⅛	15.33
Br. Colum. Mfg. 17 97	54	103¼	103¾	0	−0⅛	16.31
Burroughs Int. 15⅞ 88...	50	101⅜	101⅞	+0⅛	+0⅛	15.31
Canadair 15½ 87	150	100⅛	100⅝	+0⅛	+0⅛	16.35
Can. Nat. Rail 14⅞ 91	100	97	97½	0	−0⅛	15.14
Carolina Power 16⅞ 89	50	102⅛	102⅝	0	+0⅛	15.89
Caterpillar Fin. 16½ 86	100	103¼	103¾	−0⅛	−0⅛	15.30
CFMP 16⅜ 96	100	101⅝	102⅛	0	0	16.35
CIBC 16⅞ 81	100	104⅞	105⅜	+0⅛	−0⅛	15.62
CIBC 16 87	100	102	102½	+0⅛	+0⅛	15.32
Citicorp O/S 16⅞ 86...	150	103⅝	104⅛	+0⅛	+0⅛	15.38
Cons.-Bathurst 17½ 88	60	102⅜	102⅞	0	0	16.74
Con. Illinois 15⅞ 89 ...	100	102⅛	102⅝	0	0	15.15
Dupont O/S 14½ 88 ...	400	99⅝	100	+0⅛	+0⅛	14.51
Dupont O/S Cap. 0.0 90	300	34½	35	−0⅛	−0⅛	14.36
EIB 16⅞ 81	100	104⅜	104⅞	0	−0½	15.73
Gen. Elec. Credit 0.0 92	400	27½	28	+0⅛	−0⅛	14.16
Gen. Elec. Credit 0.0 93	400	23⅜	23⅞	−0⅛	−1⅛	15.46
GMAC O/S Fin. 16½ 84	300	101⅜	101⅞	−0⅛	−0⅛	15.56
GMAC O/S Fin. 15 88	150	100⅛	101	+0⅛	+0⅛	15.77
Gulf Oil Fin. 0.0 92 ...	300	25⅞	26⅛	+0⅛	−0⅛	15.04
Gulf States O/S 17½ 88	60	103⅞	104⅜	0	−0⅛	15.34
Japan Airlines 15⅜ 88	50	100½	101	+0⅛	0	15.01
Japan Dev. Bk. 15½ 87	50	101⅞	102⅜	+0⅛	+0⅛	14.87
Nat. Bk. Canada 16½ 88	40	100½	101	−0⅛	−0⅛	16.95
Nat. West 14⅞ 91	100	98⅞	99⅜	0	−0⅛	14.91
New Brunswick 17 88	60	106⅞	107⅜	0	−0⅛	15.13
New Brunswick 16⅛ 89	75	102½	103	−0⅛	−0⅛	15.56
New & Lab. Hy. 17⅛ 89	75	104	104½	0	0	16.12
Ohio Edison Fin. 17½ 88	75	105⅛	105⅝	0	−0½	18.01
OKG 15⅛ 97	50	98⅛	98⅝	0	+0⅛	15.97
Ontario Hyd. 15 91 (N)	200	103½	104	0	−0⅛	15.19
Pac Gas & El. 15⅞ 88	80	103⅛	103⅝	−0⅛	−0⅛	14.83
J. C. Penney Gl. 0.0 94	350	19⅞	20⅜	+0⅛	−0⅞	15.63
Quebec Hydro 17⅛ 91	150	107½	108	+0⅛	−0⅛	15.58
Quebec Prov. 15⅛ 89...	150	98⅜	98⅞	+0⅛	+0⅛	15.46
R.J. Rynlds. O/S 0.0 92	400	26⅞	27⅜	+0⅛	+0⅛	14.56
Saskatchewan 16⅛ 88...	100	102⅝	103⅛	−0⅛	0	15.46
Saskatchewan 18 89 ...	125	101⅜	101⅞	+0⅛	−0⅛	15.60
Statsforetag 15⅞ 97 ...	50	98⅛	98⅝	+0⅛	+0⅛	16.89
Sweden 14½ 88	150	95⅞	96⅜	−0⅛	−0⅛	15.54
Swed. Ex. Cred. 16½ 93	75	101⅜	101⅞	+0⅛	+0⅛	16.13
Texas Eastern 15⅞ 88...	75	100⅞	101⅜	+0⅛	+0⅛	15.67
Transcanada 16 89	100	99⅞	100⅜	+0⅛	+0⅛	15.91
Winnipeg 17 88	50	105⅛	105⅝	0	−0⅛	15.15
WMC Fin. 15½ 88	50	97	97½	+0⅛	+0⅛	16.14
World Bank 16½ 96 ...	130	103⅝	104⅛	+0⅛	−0⅞	15.16
World Bank 16½ 88 ...	100	103⅝	104⅛	0	−1	16.44
World Bank 15⅛ 88 ...	250	99⅛	99⅝	+0⅛	−0⅛	15.37
Average price changes... On day 0 on week −0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅞ 91	300	100⅛	100⅝	+0½	+0⅛	9.28
Belgelectric 11 91	100	102½	103	+0⅛	+0⅛	10.51
CECA 10 91	120	102⅛	102⅝	+0⅛	−0⅛	9.69
Coun. of Europe 10 91	100	100⅝	101⅛	−0⅛	−0⅛	9.84
C. of Europe 10¼ 91...	100	101⅛	101⅝	0	−0⅛	9.98
EEC 10⅛ 93	100	101⅜	102⅛	0	+0⅛	9.81
EIB 10½ 91	200	103⅞	104⅜	−0⅛	+0⅛	9.79
EIB 9⅞ 88	60	99⅝	100⅛	+0⅛	+0⅛	9.76
Finland, Rep. of 10½ 88	100	102½	103	+0⅞	+1⅛	9.70
Inter-American 10 91 ..	100	102½	103	−0⅛	+0⅛	9.63
Inter-American 10⅛ 91	100	103	103½	+0⅛	+1⅛	9.70
Ireland 10⅛ 88	100	100⅜	100⅞	+0⅛	0	9.96
Mexico 11 88	100	100½	101	+0⅛	+0⅛	10.81
Midland Int. Fin. 8½ 90	180	95	95½	0	+1⅛	9.29
Mt. Bk. Dnmk. 10½ 91	100	†100⅞	101⅜	+0⅛	+0⅛	10.31
Nat. West. 9⅞ 92	100	†101⅞	102⅜	+0⅛	−0⅛	9.54
New Zealand 9⅞ 88 ...	200	101⅞	102⅜	+0⅛	+0⅞	9.33
OKB 10⅛ 91	150	101⅞	102⅜	+0⅛	+0⅛	9.78
OKB 9⅞ 86	150	99⅞	100⅜	+0⅛	+0⅛	9.71
Quebec Hydro 10⅛ 91..	150	102⅞	103⅜	+0⅛	+0⅞	9.78
Swed. Ex. Cred. 10⅛ 91	100	†100	100½	−0⅛	−0⅛	10.19
Venezuela 11½ 91	100	100⅝	101⅛	+0⅛	+0⅛	11.32
World Bank 10 91	250	102⅞	103⅜	−0⅛	−0⅞	9.48
Average price changes... On day +0⅛ on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	101⅜	102	+0⅛	+0⅛	7.22
Asian Dev. Bank 8 90	90	103½	103¾	+0⅛	+1	7.47
Australia 6⅞ 93	100	103⅛	103⅝	−0⅛	0	6.31
Belgelectric 7½ 91	60	100⅛	100⅝	0	+0⅛	7.46
Bell Canada 7⅛ 93 ..	100	104½	104¾	−0⅛	0	6.66
Bel. de Autopistas 8 90	50	99⅝	100	−0⅛	+0⅛	8.01
Denmark 7¼ 91	100	99	99½	0	+0⅛	7.37
Dome Petroleum 7¼ 90	100	102¼	102¾	0	+0⅛	6.82
EIB 7⅛ 92	100	100½	100⅞	−0⅛	−0⅛	7.14
Elec. de France 7 92 ...	100	100⅞	101⅛	+0⅛	+0⅞	6.85
ENEL 8 92	44	100⅛	100⅞	+0⅛	+0⅛	[illegible]
Genstar 7 91	100	102⅞	103⅛	+0⅛	+0⅞	6.55
I/S Elsam 8½ 91	60	105⅞	106½	+0⅛	−0⅛	7.68
Japan Air Lines 7⅛ 91	100	104½	100⅞	+0⅛	+0⅞	6.58
Neder. Gasunie 8 91...	100	105⅞	107	0	+0⅛	8.99
Nippon T. and T. 6⅞ 92	100	102	102½	+0⅛	+0⅞	5.33
OKB 7⅛ 91	100	100⅛	100½	0	+0⅛	7.19
Oslo, City of 8 91	100	105⅞	106½	−0⅛	+0⅛	7.20
Ost. Donaukraft 7 92 ...	100	100⅛	100⅝	−0⅛	+0⅛	8.96
Saint-Etienne 8½ 91 ...	20	107	107⅛	−0⅞	+1⅛	7.43
Swed. Ex. Cred. 7⅛ 91	75	97⅞	98	−0⅛	+0⅛	7.58
TNT O/S Fin. 8 91 ...	50	104⅜	104⅞	−0⅛	−0⅛	7.29
Transcanada Pipe. 7 94	100	102⅛	102½	+0⅛	+0⅛	6.70
Unilever NV 7½ 93 ...	100	106½	106¾	+0⅛	+0⅛	5.66
World Bank 7 90	100	101	101½	+0⅞	+1⅛	6.79
World Bank 8 91	100	105½	105⅞	+0⅛	+0⅛	7.21
Average price changes... On day 0 on week +0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91...	15	99⅝	100⅛	0	−0⅛	8.21
Finland, Rep. of 8½ 87	12	99⅞	100⅞	0	−0⅛	8.27
Int.-Amer. Dev. 8⅞ 91	15	101⅛	102⅛	0	−1⅞	8.53
Japan Airlines 7⅞ 97 ...	9	97⅞	98⅛	+0⅛	+0⅛	8.38
New Zealand 8½ 87 ...	15	99⅛	100⅛	−0⅛	−0⅛	8.30
Average price changes... On day 0 on week −0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	50	†98	98½	0	−0⅛	17.2[illegible]
CIBC 15⅞ 89 C$	75	†96	96½	0	−0⅛	16.[illegible]
Pancanadian 16½ 88 C$	65	†98	98½	0	+0⅛	16.[illegible]
Quebec 17½ 87 C$	60	†102½	103½	0	0	16.5[illegible]
Queb. Urban 16¾ 88 C$	20	†101	102	0	+1	16.2[illegible]
Tordom Cpn. 16½ 88 C$	25	†97⅛	98⅛	0	0	17.0[illegible]
Transalta 17 89 C$	50	†99½	100	0	−0⅛	17.0[illegible]
U. Bk. Nwy. 9½ 90 EUA	12	92	93½	+0⅛	+0⅛	10.9[illegible]
Algemene Bk. 10⅛ 86 Fl	50	100⅛	100⅞	+0⅛	+0⅛	10.0[illegible]
Amfas Group 12⅛ 86 Fl	40	104	104½	0	+0⅛	11.0[illegible]
Amro Bank 12 88 Fl ...	75	104⅞	105½	+0⅛	+0⅛	10.4[illegible]
Amro Bank 12 86 Fl ...	60	104⅛	105⅛	+0⅛	+0⅛	10.5[illegible]
Pierson 10⅛ 88 Fl	50	99½	100	+0⅛	+0⅛	10.3[illegible]
Rabobank 12 86 Fl	50	104⅜	104⅞	+0⅛	+0⅛	10.5[illegible]
OKB 14 85 FFr	400	90⅝	91⅛	−0⅛	−2⅛	17.2[illegible]
Solvay et C. 14⅛ 86 FFr	200	92½	93½	+0⅛	−1½	17.3[illegible]
Acona 14 85 £	20	94⅞	95⅞	−0⅛	+0⅛	15.7[illegible]
Beneficial 14½ 90 £	20	86⅛	87⅛	0	−0⅛	17.2[illegible]
BNP 13½ 91 £	15	90½	91½	0	−0⅛	16.4[illegible]
CECA 13⅛ 88 £	20	94⅞	95⅞	0	−0⅛	14.7[illegible]
Citicorp O/S 13⅞ 90 £...	50	95⅛	96⅛	−0⅛	−1⅞	14.4[illegible]
Fin. Ex. Cred. 13⅞ 88 £	15	95	96	0	−0⅛	15.3[illegible]
Gen. Elec. Co. 12½ 89 £	50	92½	93½	+0⅛	−0⅛	14.2[illegible]
Hiram Walker 14⅛ 88 £	25	96½	97½	0	−0⅛	15.2[illegible]
Privatbanken 14½ 88 £...	12	91⅞	92⅞	0	−0⅛	16.6[illegible]
Road (Nd) NV 16⅛ 89 £	25	100⅛	101⅛	0	−0⅞	15.5[illegible]
J. Rothschild 14⅛ 90 £	12	97⅛	98⅛	0	−0⅛	14.[illegible]
Royal Trustco 14 88 £...	12	96⅜	97⅜	0	−0⅛	15.[illegible]
Swed. Ex. Cr. 13⅛ 88 £	20	96	97	0	+0⅛	14.[illegible]
Eurofima 10½ 87 LuxFr...	500	95⅞	96⅞	+0⅛	+0⅛	11.2[illegible]
EIB 9⅞ 88 LuxFr	600	92⅜	93⅜	+0⅛	+0⅞	11.4[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 91	0⅛	99⅛	99½	29/4	17.06	17.1[illegible]
Bank of Tokyo 5⅛ 91 ...	0⅛	98⅜	99⅛	10/5	13⅛	13.[illegible]
Bk. Nova Scotia 5⅛ 93	0⅛	99⅛	99⅞	29/4	17.06	17.[illegible]
BFCE 5⅛ 88	0⅛	99⅞	100	26/4	16.94	16.[illegible]
BFCE 5⅛ 87	0⅛	99⅞	100⅛	27/7	16⅞	16.[illegible]
Christiania Bk. 5½ 91...	†0⅛	99⅛	99⅝	5/5	16	16.[illegible]
Co-Ban Eurofin 5½ 91...	0⅛	98⅞	99⅛	14/4	16.66	16.[illegible]
Credit Nat. 5⅛ 94	0⅛	99	99⅛	9/3	5⅛	5.[illegible]
Denmark, Kngdm. of 92	0⅛	98⅞	99⅛	25/2	15.44	15.[illegible]
Den Norske Cred. 5½ 93	0⅛	97⅞	98½	4/6	13.50	13.[illegible]
Genfinance 5⅛ 92	0⅛	99⅛	99⅞	30/6	15½	15.[illegible]
GZB 5⅛ 92	†0⅛	99	99⅛	8/8	14.94	15.[illegible]
Ind. Bank Japan 5⅛ 88	0⅛	99⅞	100⅛	9/5	13.31	13.[illegible]
Lloyds Eurofin 5⅛ 93 ...	§0⅛	99⅛	99⅝	29/4	17.13	17.[illegible]
LTCB Japan 5½ 89	0⅛	99⅛	99⅝	16/7	15.81	15.[illegible]
Midland Int. Fin. 9 91...	0⅛	99⅜	99⅞	30/4	17.00	17.[illegible]
Nat. Bk. Canada 5⅛ 88.	0⅛	99⅛	99⅝	24/3	17.31	17.[illegible]
Nat. West. Fin. 5⅛ 91...	§0⅛	99⅜	99⅝	15/7	15.15	15.[illegible]
Nippon Credit 5⅛ 90 ...	0⅛	99⅛	99⅞	10/8	16.06	16.[illegible]
Nordic Int. Fin. 5½ 91...	0⅛	98½	99	8/5	15⅞	15.[illegible]
Offshore Mining 5⅛ 91	0⅛	98⅞	99⅛	2/6	13	13.[illegible]
Pemex 8 91	0⅛	96⅛	96⅞	8/4	17	17.[illegible]
PKbanken 5 91	0⅛	98⅞	99⅛	17/6	14⅛	14.[illegible]
Sanwa Int. Fin. 5⅛ 88...	0⅛	†99⅛	99⅝	24/3	17⅛	17.[illegible]
Scotland Int. 5⅛ 92.....	0⅛	98⅛	99⅛	23/3	13.94	14.[illegible]
Sec. Pacific 5⅛ 91	0⅛	98⅞	99⅛	24/5	13⅛	13.[illegible]
Societe Generale 5⅛ 91	0⅛	99	99½	22/7	15⅛	15.[illegible]
Societe Generale 5⅛ 95	0⅛	99⅛	99⅞	1/9	16.31	15.[illegible]
Standard Chart. 5⅛ 91	0⅛	98⅛	98⅞	18/5	13.31	13.[illegible]
Sumitomo Fin. 5½ 88...	0⅛	99⅛	100	9/8	16	16.[illegible]
Sweden 5⅛ 88	0⅛	99	99½	26/8	15.31	15.[illegible]
Toronto Domin'n 5⅛ 92	0⅛	99⅛	100⅛	11/8	16⅛	16.[illegible]
Average price changes... On day 0 on week −0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	87½	89	−1½	[illegible]
Bow Valley Inv. 8 95 ...	4/81	23.12	93½	95⅛	+0⅛	[illegible]
Bridgestone Tire 5½ 96	3/82	470	81⅛	82⅛	−0⅛	[illegible]
Canon 6⅛ 95	1/81	829	87⅛	88⅛	−2⅛	[illegible]
Daiwa Secs. 5½ 96	12/81	513.3	†80	82	0	[illegible]
Fujitsu Fanuc 4½ 96 ...	10/81	6770	82⅛	84⅛	−1⅛	[illegible]
Furukawa Elec. 5⅛ 96...	7/81	300	91½	92⅛	+3⅛	[illegible]
Hanson O/S Fin. 9½ 96	8/81	1.36	†88	89	0	[illegible]
Hitachi Cable 5⅛ 96.....	2/82	915	84½	86	+2⅛	[illegible]
Hitachi Cred. Cpn. 5 96	7/81	1773	75½	77⅛	[illegible]	[illegible]
Honda Motor 5½ 97.....	3/82	841	76⅛	77⅛	−2⅛	[illegible]
Inchcape 8 95	2/81	4.55	†63½	64	+1	[illegible]
Kawasaki 5⅛ 96	9/81	229	65⅞	67½	+3⅞	[illegible]
Marui 8 96	7/81	951	89½	91	−0⅛	[illegible]
Minolta Camera 5 96 ...	10/81	909	61	62½	0	[illegible]
Minorco 9⅛ 87	5/82	8.16	†85½	87	+0⅛	[illegible]
Murata 5⅛ 96	7/81	2180	57	58½	+0⅛	[illegible]
NKK 6½ 96	7/81	188	74⅛	75⅞	+3	[illegible]
Nippon Chemi-C. 5 81...	10/81	919	†58	60	+4	[illegible]
Nippon Electric 5⅛ 97...	2/82	846	85⅞	87⅛	+0⅛	[illegible]
Orient Finance 5⅛ 97 ...	3/82	1567	84⅞	86⅛	−2⅛	[illegible]
Sanyo Electric 5 96......	10/81	652	69	70⅛	+2⅛	[illegible]
Sumitomo Elec. 5½ 97...	3/82	635	77⅛	79	−0⅛	[illegible]
Sumitomo Mel. 5⅛ 96...	10/81	305	65⅞	67⅛	+8⅛	[illegible]
Swiss Bk. Cpn. 6⅛ 90...	9/80	191	70	72	0	[illegible]
Konishiroku 6 90 DM ...	2/82	585	96⅛	98⅛	0	[illegible]
Mitsubishi H. 8 89 DM	2/82	263	92½	93½	+1⅛	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Siemens sees no sustained recovery

By Stewart Fleming in Frankfurt

SIEMENS, the leading West German electronics group, warned shareholders yesterday that with sales growth of between 8 and 10 per cent the company could not expect a sustained improvement in operating profits this year.

Dr Karlheinz Kaske, the chief executive, told shareholders at the annual meeting, however, that a wide range of measures were being taken to improve productivity and earnings.

In the year ended September 1981 group net profits fell *by 19 per cent to DM 509m* ($214m).

Dr Kaske disclosed that in the first five months of the current financial year sales revenues rose by 12 per cent to DM 14.6m and orders increased by 11 per cent. But he pointed out that the order book increase reflected a 22 per cent rise in foreign orders, which was matched by a 3 per cent fall in domestic orders.

However, capacity utilisation and employment levels *in the company had not* improved. In fact, over the opening months of the year employment had fallen by 7,000, with domestic employment down by 4,200.

Dr Kaske conceded that with hindsight the company *felt it had expanded its data* processing and electronic components divisions too quickly. Both divisions were heavy loss-makers last year, although losses "would be lower" in 1982.

● *Standard Elektrik Lorenz*, the German *subsidiary of ITT* and one of Siemens' major competitors, is cutting its workforce by more than 600 because of a shortfall of orders.

Michelin warns of steep drop in 1981 earnings

BY TERRY DODSWORTH IN PARIS

MICHELIN, the multinational French tyre group, warned yesterday that its 1981 results would *show a serious fall in* consolidated profits, despite an increase in turnover and efforts to reduce stocks

This year was unlikely to produce any improvement unless there was a significant upturn in the international economy, it added.

Michelin's statement, made in documents accompanying a FFr 700m ($117) bond issue, included few figures. But it *broadly confirms private* forecasts on the Paris Bourse about the company's recent performance.

Since depression set in *throughout the* European car commercial vehicle industry, Michelin says it has taken measures to adjust its production. These include extensive lay-offs in its French plants, where stock levels last year grew by between 30 per cent more than normal *for cars* and 70 per cent for lorries.

The group, one of the largest quoted companies on the bourse after the Government's nationalisation *programme, says that its* action to cut costs should lead to an improvement in 1983, even *if* the economic situation does not improve.

Kloeckner to seek Bonn aid

BY JAMES BUCHAN IN DUISBURG

KLOECKNER-WERKE, the major West German steelmaker, *expects to break even this year* after suffering its worst year in 1980-81. Yet despite its optimism, based largely on the higher EEC steel prices now in *force* or expected later in the year, the Duisburg concern is to apply to Bonn for state *assistance*.

Herr Herbert Gienow, the chief executive, said that within the next three months he would present proposals for state funds to aid restructuring and the reduction of steel capacity.

Although Kloeckner has long been regarded as a maverick *among German steelmakers*, Herr Gienow's intention is one more sign of the Ruhr's ever diminishing shyness about state aid in the face of huge subsidies for its European competitors. Herr Gienow referred to new figures prepared by the *West German* Iron and Steel Federation, which claim that steel companies elsewhere in Europe had received about DM 71.5bn ($30bn) in aid since the start of the industry's crisis in 1975.

Last year, Kloeckner recorded a loss of DM 86m on worldwide external sales of DM 5.7bn, *compared with* a break-even on sales of DM 5.9bn the year before. A major contributor to the poor performance, the company said, was the current European steel quota system which restricted its modern plant in Bremen to a mere 50 per cent of capacity.

Losses on the steel side, amounting to DM 444m, could not be balanced by a 20 per cent improvement in manufacturing earnings to DM 60m, a sector that has grown to account for 42 per cent of sales.

Dutch retailer passes dividend

By Our Financial Staff

KBB, the Dutch department *stores group which* recently announced major staff cuts, has emerged from 1981-82 with a pre-tax loss of Fl 34m ($13m), nearly three-quarters of which *was incurred* during the second half of the year.

The loss, which follows on from a Fl 9.6m interim deficit, compares with a profit of Fl 16.2m in the year ended January 1981. It has forced KBB to pass its dividend, *against a payment* of Fl 3.60 a share in 1980-81.

Sales rose by a tenth to Fl 3.2bn but were down in volume terms. With controls on consumer spending now in their third year, retail sales in Holland have been weak. KBB experienced a 5 per cent decline in consumer spending last year which, coupled with increased competition and heavier costs, has been responsible for the company's slide

Operating losses totalled Fl 14.5m, against a profit of Fl 16.2m. KBB points out that losses arising from the closure of a store in Utrecht also contributed to the negative result.

Last December, the company announced plans to lay off between 1,300 and 1,500 of its 12,000 staff.

Swiss bank lifts profit

By John Wicks in Zurich

BANCA Della Svizzera Italiana is to pay an increased dividend of 13.2 per cent for 1981, after a 10 per cent improvement in net earnings to SwFr 28.7m ($15.3m).

The bank, the biggest in *Italian-speaking* Switzerland, paid 12 per cent for 1980. It booked a 20.5 per cent rise in balance sheet total last year to SwFr 4.23bn and *growth this year is expected* to lead to an increase in capital.

OECD CAPITAL MARKETS REPORT

Dollar share down as bond issues grow

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

NEW BOND issues in international capital markets ran at a record annual rate of $76.5bn in the first two months of this year, sharply above the $66.5bn figure in the final quarter of last year, according to latest statistics from the Organisation for Economic Co-operation and Development.

A sharp fall in fixed interest U.S. dollar bonds during the period was more than offset by issues in other currencies and zero-coupon bonds, floating rate notes and convertible bonds. The OECD uses the amount raised by a zero-coupon issue rather than its nominal value when compiling its figures.

Investors in *non-dollar bond* markets have become more willing to take a longer-term view on prospects for interest rates which allowed an *increased flow of new issues* to be brought to these markets, the OECD says.

To some extent this relative shift in investors' attitudes has affected the Eurodollar bond market as well, the OECD says. The decline in issue volume of straight dollar bonds was particularly apparent in the New York-based Yankee sector, while secondary market prices of dollar Eurobonds have been much less volatile than those in the New York market.

Overall the dollar share of the new international bond market slipped to 59 per cent in the first two months from 63.2 per cent in the final 1981 quarter, the OECD says. The next largest sector was again the *Swiss franc market with a share* of 15.7 per cent compared with 14.6 per cent.

But the OECD warns that any general movement towards lower long-term interest rates may be limited by continuing volatility of short-term rates and the higher volume of bonds reaching the market.

It says that the overall volume of funds likely to be raised in the international capital markets this year is *still* likely to remain little changed on the underlying level of last year. This means about $140bn *to $145bn*, a figure which covers volume in both the bond and Eurocredit markets.

The volume of new Eurocredits during the first two months of the year was only $79.5bn at an annual rate, the OECD figures show. This compared with $103.8bn in the final quarter of 1982.

While average margins fell to 0.64 per cent from 0.69 per cent, there was a further fall in the average maturity of individual loans which was only seven years and six months compared with seven years and seven months in the preceding quarter. In the first quarter of 1981 the average maturity was eight years and four months.

No new credits were arranged with a ¼ per cent margin, the OECD says, so that the average margin paid by OECD borrowers actually rose to 0.49 per cent from 0.46 per cent.

Commenting on trends in the syndicated loan market, the OECD says that supply/demand relationships point towards some further hardening of credit conditions, though this will be uneven with significantly tighter terms for lesser credit risks.

INTERNATIONAL CAPITAL MARKET CONDITIONS
Volume ($bn) at annual rate

	1981 (quarterly) 1st	2nd	3rd	4th	1982 (Jan/Feb)
Bonds	32.8	50.7	41.7	66.5	76.5
of which:					
Eurodollar	13.5	20.5	20.8	30.7	42.7
U.S. domestic	3	11.2	4.9	11.3	2.4
Eurocredits*	68.5	105.3	272.5*	103.8	78.5
Average margin (%)	0.7	0.77	0.69	0.69	0.64
Average life (year/month)	8/4	7/9	7/10	7/7	7/6

* Includes credits arranged by U.S. companies in connection with mergers and acquisitions.

Source: OECD Financial Market Trends

BASE LENDING RATES

A.B.N. Bank	13 %	■ Grindlays Bank	13 %
Allied Irish Bank	13 %	■ Guinness Mahon	13 %
American Express Bk.	13 %	■ Hambros Bank	13 %
Amro Bank	13 %	Heritable & Gen. Trust	13 %
Henry Ansbacher	13 %	■ Hill Samuel	§13 %
Arbuthnot Latham	13 %	C. Hoare & Co.	†13 %
Associates Cap. Corp.	13 %	Hongkong & Shanghai	13 %
Banco de Bilbao	13 %	Kingsnorth Trust Ltd.	14 %
BCCI	13 %	Knowsley & Co. Ltd.	13½%
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14½%
Bank Street Sec. Ltd.	15 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½%	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	14½%
Brit. Bank of Mid. East	13 %	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖13 %
Castle Court Trust Ltd.	13½%	Trade Dev. Bank	13 %
Cavendish G'ty T'st Ltd.	13½%	Trustee Savings Bank	13 %
Cayzer Ltd.	13½%	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	13 %
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13½%
Choulartons	14 %	Williams & Glyn's	13 %
Citibank Savings	¶12¾%	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	13 %	Yorkshire Bank	13 %
C. E. Coates	14 %		
Consolidated Credits	13½%		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13½%		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16½%		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of: under £10,000 10%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11½%.
§ Demand deposits 10%.
¶ Mortgage base rate.

Uddeholm goes into the red

By William Dullforce, Nordic Editor, in Stockholm

UDDEHOLM, THE Swedish special steels manufacturer, reports a SKr 392m decline in earnings from a pre-tax profit of SKr 63m in 1980 to a loss of SKr 329m ($57m) last year. The board proposes to pass the shareholders' dividend for the sixth year in a row.

Sales slumped from SKr 3.57bn to SKr 3.25bn, demand for special steels being weak in all Uddeholm's major markets throughout the year. Lower deliveries and stock reductions meant that group steel output fell by between 7 and 8 per cent.

In addition to lower sales volume, the result was depressed by one-off costs on a restructuring programme. The restructuring, it is calculated, should eventually save the group about SKr 250m a year.

SCHLUMBERGER LIMITED

The following is the Statement of the Chairman and President, MR. J. RIBOUD, which has been circulated to Shareholders with the Annual Report for 1981.

In 1981, net income crossed the billion dollar line. Quite a different order of magnitude from the figure I remember when I joined Schlumberger some thirty years ago. Luck, circumstances, hard work, a bit of everything, I suppose, made it happen.

Net income for the year was $1.27 billion, up 37% over the previous year, if one excludes the non-recurring profit on the sale of the Rowan shares in the last quarter of 1980. Revenues of almost $6 billion show an increase of 19%, on a comparable basis.

Quarter by quarter, the year started strong and finished strong. Net income improvement was 42% for the first quarter, 27% for the second, 36% for the third and 44% for the last quarter excluding the Rowan profit.

As the year unfolded, the fundamental trends did not change appreciably.

Oilfield activity was very strong, throughout the year, throughout the world. Canada was probably the only exception to a global picture of intense exploration and development of gas and oil fields, by national companies as well as by private companies. The wireline, or logging business, had the most spectacular growth but was followed closely by all the other oilfield services.

Fairchild lost money during the year. Not a spectacular amount, but nevertheless lost money. We have to go back quite a few years to see a major unit of Schlumberger in the red. It is not surprising. The semiconductor business is in the doldrums, and yet we accelerated the investment program, the Research & Engineering budget, the strengthening of management.

Measurement & Control units were profitable, although the business environment was affected in the United States by the economic slowdown and in Europe by the wide fluctuations of currencies.

To a lesser extent, two other factors, lower taxes and higher interest income, contributed *to this record year. Overall effective tax rate* was down 3 points, compared to the previous year. This reduction results from a lower proportion of income from high tax countries and from tax credits in the United States and in the United Kingdom. The second factor is the increased liquidity generating higher interest income. In 1981, fixed assets additions were over a billion dollars, another record. Yet, liquidity increased almost by a quarter of a billion dollars. At year-end, $1.66 billion were invested in short-term securities.

A stockholder wrote me recently: "The better your results, the higher your earnings, the lower your stock. Please explain." I am not a stock market expert, nor do I always understand the movements of Wall Street. However, I believe that the public has two main worries concerning the future. What will happen to the price of crude oil? What will happen to the economy in the United States?

It is not so long ago that the media were predicting the end of our industrial civilization because the world was running out of oil. Today, the same media are full of the oil glut. There is a very short time lag between too much and too little, between scarcity and surplus. Two years ago, almost to the day, I wrote: "Thirty years in the oil industry have taught me a simple conviction.

If you want to find oil, you have to look for it; if you look, you find oil. The search has started and the finds are coming in." So goes the world, in cycles. There is no doubt that the steep and repeated increases in the price of oil have brought about significant discoveries and a noticeable reduction in the demand for hydrocarbons. The slowdown of the world economy has accelerated the process. Will this result in the price of crude oil tumbling down, playing havoc with the cash flow of oil companies and cutting down exploration programs? The risk exists and it scares the stock market. How serious, how threatening is this risk. Obviously, I do not have the answer but years of experience might help.

— At the present world price of oil, drilling for oil in the United States is very profitable. It would take a major drop in price to make it unprofitable.

— Ten years ago, outside North America, the list of our ten top customers were the nine largest publicly held oil companies and one national oil company. Last year, the same list showed nine national oil companies and only one private company. It would take a major decline in the price of crude for the national companies to change drastically their exploration programs. Many countries are fighting for their energy autonomy as they fought for their political independence. They will do it even if there is a temporary surplus of oil.

— Saudi Arabia had a determining role in stabilizing the price of crude when many experts were expecting $40 or $50 per barrel. I believe that Saudi Arabia has the means and the will to play the same role when the price is under pressure.

It is always easier to be gregarious. It is always dramatic to announce the most pessimistic scenario. I do not think that the price of crude oil will tumble.

I am more concerned by the state of affairs in the United States than I am about the oil glut. The year 1981 was for many sectors, including our electronic business, a year of organized retrenchment. The downturn was more serious for semiconductors because a price erosion of great amplitude accompanied the reduction in orders and shipments. But there was no fear or panic. In January and February, the climate has changed. Business people are running scared. There is a simple reason. Except for short periods, the United States economy cannot function with rates of interest at 15% or above. Something has to give.

There again, it is a simplification to become a Cassandra. The worst will not happen, neither for the price of crude oil, nor will a major depression entrench itself in the United States. But 1982 will be difficult.

Meanwhile, life goes on. Three developments are currently requiring our efforts and should be reported.

★ The Wireline *or logging* business *is still* today our largest and most profitable business (45% of 1981 operating revenue), our fastest growing business (revenue increased worldwide 38% in 1981). We decided last autumn to reorganize our basic Wireline structure. This is the way it was announced:

"The organization of the Wireline has not changed appreciably in the last thirty years. It has grown, it has been decentralized, but the basic structure has not changed: two major centers, Houston and Paris, and one central research lab in Ridgefield, Connecticut.

To meet the growing demand for Wireline services, to decentralize further the field operations, to benefit from the technical and industrial progress outside of Europe and North America, a new center will be established in Japan. This third center, as the two others, will have engineering and manufacturing facilities and will provide technical coordination of field operations.

The new Wireline organization is:

— *Wireline North America*: the United States and Canada, manufacturing facilities in Houston, engineering facilities in Houston and Austin, Texas.

— Wireline Atlantic: Europe, Latin America and Africa, engineering and manufacturing facilities in Clamart, France.

— Wireline Asia: Middle East, Far East, Australia. Engineering and manufacturing facilities will be established in Japan.

— SDR, Ridgefield, Connecticut, responsible for research.

This is an important step for the Wireline. But it has further implications. It represents a pattern of management and structure that we will implement gradually over the next decade for our major product lines: drilling and production services, semiconductors, automatic test equipment, computer aided systems, electricity management, . . . As we grow, for each major product line or service, a small core of people will provide, on a world basis, direction, long term orientation, coordination of research, financial control.

★ This month, nine Schlumberger men lost their lives when the Ocean Ranger capsized offshore Newfoundland. The oldest was 31 years of age, the youngest was 24. We have known for years that exploration for oil and gas is dangerous. Wells do blow out, offshore units do capsize in tempests. On land, driving is a hazard. Our engineers and operators drive many miles to reach the well sites. They are young, they are enthusiastic, they have no fear. Safety is a remote worry. We are undertaking a major safety campaign.

★ On January 12, 1982, Applicon became part of Schlumberger. Applicon is one of the leading companies in the field of Computer Aided Design — CAD. This follows the acquisition a year earlier of MDSI, a pioneer in the field of Computer Aided Manufacturing — CAM. We are putting both companies under a single management. They will be part of a new Schlumberger unit, called "Computer Aided Systems — CAS."

The long term future of Schlumberger has not changed. The temporary oil surplus or the recession in the United States economy does not alter our plans. We will be around for years to come as the best oilfield service company. We will put back Fairchild as one of the creative forces in the semiconductor business. We will be innovative and develop new products in the Measurement & Control units. We will be one of the leaders in the Computer Aided Systems technology.

FIVE YEAR SUMMARY

YEAR ENDED DECEMBER 31 (Amounts in millions except per share amounts)	1981	1980*	1979**	1978	1977
SUMMARY OF OPERATIONS					
Revenue:					
Oilfield Services	$3,788	$2,814	$2,037	$1,638	$1,310
Measurement, Control & Components	1,995	2,070	1,513	953	850
Interest and other income	195	153	91	63	46
Gain on sale of Rowan shares		100			
	$5,978	$5,137	$3,641	$2,654	$2,206
% Increase over prior year	16%	41%	36%	22%	20%
Cost of goods sold and services	$3,244	$2,813	$2,061	$1,499	$1,231
Operating income:					
Oilfield Services	$1,702	$1,184	$809	$648	$540
Measurement, Control & Components	131	230	189	122	93
Eliminations	(25)	(14)	(14)	(6)	(1)
	$1,808	$1,400	$984	$764	$632
% Increase over prior year	29%	42%	29%	21%	37%
Interest expense	$168	$102	$52	$18	$16
Taxes on income	$380	$522	$355	$285	$248
Net income	$1,266	$994	$656	$502	$401
% Increase over prior year	27%	51%	31%	25%	37%
Per common share: Net income	$4.37	$3.47	$2.30	$1.75	$1.39
Cash dividends declared	$0.77	$0.63	$0.49	$0.37	$0.28
SUMMARY OF FINANCIAL DATA					
Net income as % of revenue	21%	19%	18%	19%	18%
Return on average stockholders' equity	34%	36%	31%	28%	28%
Fixed asset additions	$1,063	$748	$503	$393	$213
Depreciation expense	$433	$323	$242	$184	$159
Average number of shares outstanding	289	286	286	286	291
AT DECEMBER 31					
Working capital	$1,637	$1,249	$1,066	$910	$811
Total assets	$6,525	$5,242	$4,350	$2,930	$2,380
Long-term debt	$278	$238	$490	$95	$56
Stockholders' equity	$4,235	$3,218	$2,400	$1,900	$1,550

* Net income includes $70 million after-tax gain ($0.24 per share) on sale of Rowan shares.
** Results of Fairchild Camera and Instrument Corp. have been consolidated with Schlumberger beginning July 1, 1979.

Certain information relating to directors' share dealings and group companies, required by The Stock Exchange in London to be made available, may be inspected during the next three weeks during normal business hours at Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB, from whom copies of the full Annual Report may be obtained.

Swire Properties shows 59% gain

By Our Hong Kong Correspondent

SWIRE PROPERTIES, a quoted subsidiary of the Swire Group, has reported attributable profits for 1981 of HK$801.3m (US$137m), an increase of 59 per cent from 1980s HK$505.2m. A final dividend of 32 cents a share makes a total of 48 cents for the year, against an adjusted 40 cents a year earlier.

Sale of the company's Oriental Plaza in Kuala Lumpur contributed a profit of HK$191m. Hong Kong profits advaoced from HK$492.7m to HK$609.2m, but U.S. profits fell back from HK$22.7m to HK$13.7m. Turnover rose 36 per cent to HK$1.43bn (US$244m).

An iovestment property revaluation has thrown up a surplus over the year of HK$496.8m which together with retained profits boosts fully-diluted net assets per share from HK$7.78 to HK$9.31. Fully-diluted earnings per sbare were 134 cents in 1981, against 85 cents in 1980.

Mr Duncan Bluck, chairman, expects rental income to increase by at least 50 per cent this year, with snbstantial further increases in following years as new investment properties come on stream.

He cautions, however, that in 1981 "there was a substantial reduction in the number of new sales of residential units" io Hong Kong, which if sustained would have "an adverse effect on 1982 profits as compared with results achieved in 1981."

But because of reserves of land and development stock acquired at relatively low prices Swire Properties was "well placed to meet these difficulties."

ANNUAL FORECAST REVISED DOWNWARD

Modest profits growth at Sony

BY YOKO SHIBATA IN TOKYO

SONY CORPORATION, the major Japaoese consumer electronics company, has reported modest growth in consolidated sales and profits for the first quarter ended January 31.

Net profits rose by 4.9 per cent to Y20.9bn ($87.5m) on sales ahead by 9.7 per cent to Y272.98bn ($1.14bn). The company had said in December that it boped to maintain a sales growth rate of at least 15 per cent this year and has now revised downward its full year forecast.

Brisk sales of video tape recorders (VTRs) and higher export profits because of the yen's depreciation offset lower sales at home.

Domestic sales slid by 17.6 per cent, reflecting the sluggish state of the Japanese economy, to account for 27 per cent of total turnover. Overseas sales rose by a similar amount to account for 73 per cent of the total.

Sales of VTRs and related cameras and tapes rose by 29.8 per cent to take a 40.6 per cent share of total sales against 32.7 per cent a year earlier. Volume sales of VTRs reached 500,000 units, up 53 per cent from the previous year. The company is sticking by its plan to produce 2.5m VTRs this year.

Sales of audio equipment declined by 15.7 per cent to account for 24.6 per cent of the total, desplte bnoyant sales of Walkman stereo casette players, which are projected to reach 3m units this year.

The company blamed the current audio industry recession on a lack of replacement demand as consumers wait for new technology digital andio prodncts to reach the market by year end.

Sales of television sets declined by 5.9 per cent to take a 24.2 per cent sbare of sales despite a 10 per cent rise in sales in the U.S. and 30 per cent in Europe.

Sony adopted the U.S. Financial Accounting Standard 52 for foreign currency translations instead of its predecessor FAS 8. Year earlier figures were restated to the new standard and the company reported a foreign exchange loss of Y1.02bn for the quarter against a gain of Y2.79bn.

The company expects full year consolidated sales to rise by between 10 per cent and 15 per cent. It expects to at least match last year's net profits. Excbange rate fluctuations make a more precise forecast impossible.

Hutchison share deals cleared

BY ROBERT COTTRELL IN HONG KONG

HONG KONG'S Insider Dealing Tribunal has given a clean bill of health to dealings in Hutchison Whampoa shares around the time that the Hong Kong and Shanghai Banking Corporation sold its 22 per ceot stake in the property and trading group to Mr Li Ka-shing's Cheung Kong (Holdings) in 1979.

The tribunal concludes that Hong Kong stockbroking circles knew of the deal several hours before it was announced at 11.30 pm local time on September 25, 1979.

As a result, says the tribunal, details were passed to London and trading in Hutchison shares increased there. But the leakages were so widespread that dealers making use of the information were not "culpable" under the insider dealing ordinance.

The tribnnal specifically exonerates the directors and staff of Hong Koog Bank, its merchant bank subsidiary Wardley, Hutchison and Cbeung Kong from any insider trading or passing of price-sensitive information. It traces a prime leak back to a translator employed by the bank's external public relations consultants.

The translator, a part-time journalist, is said to have alerted a reporter colleague to the deal some five bours before its announcement. But because she did not do so "with a view to profit," says the tribunal, her actions "did not amount to insider dealins."

The case is the first to be referred under the ad hoc tribunal system, and the report makes several recommendations for the future.

The council of the London Stock Exchange is criticised for a "disappointing lack of co-operation," and the tribunal recommends that "representations be made at the highest level . . . to persuade the council to change their policy and, if necessary, their rules."

Tbe tribunal also suggests that it be permitted to follow less cumbersome procedure, and crlticises elements of Hong Kong insider dealing law for being "unhappily drafted."

Sharp rise in earnings at Sage Holdings

By Thomas Sparks in Johannesburg

SAGE HOLDINGS, the South African iovestment company, increased its pre-tax profit by 57.5 per cent to R14.4m ($14m) in 1981 from R9.1m in 1980. The directors say that each of the company's major divisions operated satisfactorily and recorded high rates of growth throughout the year.

Construction and land development provided 43.1 per cent of the year's earnings; investment and management services 26.6 per cent; insurance and financial planning 18.4 per cent and property investment and management 11.9 per cent.

This year management expects the construction and land development operations to slow down while the property investment and management interests should quicken.

Last year Sage was engaged in an unsuccessful bid for Unisec, the investment holding company. This resulted in Sage holding 20 per cent of Unisec's equity. Starting this year Sage proposes to account for its share in the results of associates and investments in which it has a stake of at least 20 per cent.

Had 1981's figures been equity accounted earnings per share would have ben 55.05 cents rather than the 48.41 cents reported. In 1980 earnings were 31.2 cents a share. A total dividend of 27 cents has been declared against 20 cents in the previous year.

Island and Peninsula recovers

BY WONG SULONG IN KUALA LUMPUR

ISLAND AND Peninsula, the Malaysian property, plantation and miniog group, reversed a decline in half-year earnings to record a 20 per cent rise in profits for the year ended January.

The group had registered a 26 per ceot drop in interim earoings, but picked up strongly duriog the secood half so that pre-tax profits rose to 32m ringgit (U.S.$14m) against 26.6m ringgit previously. Net profit was 17.8m ringgit agaiost 14.8m ringgit.

Tbe good performance came almost exclusively from its property division, with higher sales of completed houses.

Austral Enterprises, its publicly listed plantation subsidiary, had net earniogs of 2.8m ringgit, or 600,000 ringgit less than before, while its Talam Mines subsidiary saw earnings fall by 34 per ceot to 306,000 ringgit.

I and P is paying a final 12 cents a share dividend, makiog 25 cents for the year, or 30 cents compared with 23 cents previously, after adjusting for a scrip issue.

Aostral is paying 12 cents, making a total of 22 cenls (33 cents compared with 24 cents after adjustment for a bonus issue) while Talam is maintaining an unchanged 15 cent dividend.

I and P, whose property interests are concentrated in Penang and northern Malaysia, last year bought a 770 hectare estate near Kuala Lumpur for 91m ringgit for housing.

Companies and Markets **INTL. COMPANIES & FINANCE**

South Africa borrows abroad

SOUTH AFRICA is back with a vengeance in the international capital markets. After several years of modest borrowing and net repayment of outstanding debts, there has been a flurry of activity in recent months.

A regular flow of bonds and medium-term credits has been accompanied by a marked increase in short-term borrowing by both commercial banks and the South African Reserve Bank.

Details of loans are hard to come by, for South African borrowers, both private and government, are notoriously secretive, for fear of attracting political hostility.

However, there is no doubting the increase in tempo. The list includes:

- AECI, the largest South African chemicals producer in which Britain's ICI and the De Beers mining group own equal 40 per cent shares, which is seeking a $160m seven-year credit in December.
- Escom—the Electricity Supply Commission—which is likely to be by far the biggest South African borrower of medium-term funds this year, which launched a $250m seven-year credit in February. It has also placed lately a Swiss franc bond, with Union Bank of Switzerland as lead manager, with a coupon of 8¼ per cent, maturing in 1985, and priced at par.
- South African Transport Services (SATS), the state enterprise which runs the railways, harbours, and South African Airways, has already negotiated three medium-term credits, each for around $25m, this year.
- Soweto, the black township outside Johannesburg, currently investing in a major electrification scheme, which is due to sign a loan agreement for $160m, again for seven years, next month.

At the same time as medium-term borrowers have returned to the markets, there has been a sharp increase in short-term borrowing by the banking sector. Short-term foreign liabilities of the banks (mostly with maturities of three to six months), more than quadrupled in the first nine months of last year, from R632m ($629m) to R2.8bn ($2.7bn).

Meanwhile, the South African Reserve Bank's borrowing to support the balance of payments jumped from nothing at the end of 1980 to R650m last October.

The Reserve Bank also encouraged the commercial banks and trading companies to borrow abroad—and thereby to protect the balance of payments—by adjusting the rand's forward exchange rate against other currencies. At the end of February, private banks arranged loans worth several hundred million rand, when the domestic money market was at its tightest.

The return to foreign borrowing, as with most other recent developments in the South African economy, is a function of the fall in the gold price. The gold movement turned the country's R2.8bn current account surplus of 1980 into a R4bn deficit last year. Even if the gold price recovers to an average $450 this year (it is currently below $325 an ounce), the 1982 deficit will exceed R2bn.

The squeeze on the balance of payments has drained the economy of liquidity, and pushed domestic interest rates up to record levels, with the commercial banks' prime lending rate on 20 per cent. This in turn has made overseas interest rates attractive once again, high though they may be.

South Africa is increasing its calls on the international capital market, against the background of the fall in the price of gold, but political pressures constrain it to do so discreetly. "It took us some time to get (interest) margins down," says Dr Joep de Loor (left), the Director General of Finance, "and we would not want them to go higher."

Balance of payments financing has continued at a high level. The Reserve Bank pledged a quarter of its gold holding — or some 3.1m ounces — as collateral for foreign exchange in gold "swaps" with foreign banks late last year. In February, it activated about $300m in International Monetary Fund facilities.

Corporate borrowing has been required to finance large inventories and ambitious investment programmes, at a time of dwindling cash flows because of the economic downturn.

AECI's credit, believed to be the largest Euromarket borrowing made by a privately-owned South African company, had Citicorp as the lead manager, and carried a spread of ⅝ of a point above the London interbank offered rate (Libor).

Several other companies are understood to have borrowed smaller amounts, while others have negotiated, but not yet drawn, substantial lines of credit. Barlow Rand, South Africa's largest industrial group, began arranging medium-term credit facilities with foreign banks 18 months ago. "We foresaw that there would be a need to have facilities offshore. We are prepared," the company says.

The Euromarkets are an important source of funds for large public sector projects which are continuing in the face of the overall economic downturn.

Escom is currently building four 3,600 MW coal-fired power stations, and will probably unveil plans for another three over the next two years.

The utility estimates that it will need R800m during 1982 in bank credits, mainly for downpayments on equipment, and another R1.1bn in buyers' and suppliers' credits. Its $250m credit in early February carried a spread of 0.75 per cent above Libor, with Banque de l'Indochine et de Suez as lead manager.

SATS declines to reveal any details of the pricing of its credits, but plans to raise a total of around R450m in new foreign borrowing for the financial year to March, 1983, including a R50m floating rate bond later this year.

Iscor, the state-owned steel producer, the South African Post Office, Armscor—the weapons procurement and manufacturing agency which has borrowed surreptitiously in the past—and one or two large municipalities are expected to raise smaller amounts.

The Government itself is unlikely to be a heavy borrower. According to Dr Joep de Loor, the Director-General of Finance, offshore loans to finance this year's budget deficit will be "about the same, maybe even less" than the R250m budgeted for the 1981-82 financial year.

Instead, the Treasury is likely to rely mainly on higher taxes and on the domestic capital market to fill the gap created by lower gold mine taxes.

With other borrowers' demands on the Euromarkets increasing, the authorities are well aware of the dangers of saturating foreign lenders with South African paper. "We won't be pressing the banks," Dr de Loor says, "we want to give Escom a little more scope."

Referring to South Africa's long battle to restore its acceptability in world capital markets after loans dried up during the disturbances in Black urban areas in 1976-77, Dr de Loor says: "It took us some time to get margins down, and we would not want them to go higher."

Spreads for large South African borrowers are currently between ½ of a point and ¾ of a point above Libor.

With the notable exception of Swiss and German banks, many foreign institutions are still nervous about the political controversy surrounding loans to South Africa. Citicorp has been subjected to public criticism over its joint management of a $250m credit for the Government in September, 1980.

U.S. banks these days confine their activities largely to private sector customers. "There is still a problem with U.S. banks and government loans," according to a representative of one U.S. bank in Johannesburg.

One way out has been to tie loans to specific projects benefiting Blacks, though critics maintain that this simply frees other funds for the enforcement of apartheid. The current loan for Soweto is given as an example. The September 1980 credit was also linked to projects in Black and coloured townships.

South Africa's heavy demands on the capital markets this year will push some individual banks close to their country limits. According to one leading foreign banker here, "the huge amount involved may create some problems." In particular, purely financial credits may become increasingly difficult to negotiate as banks' books are filled with project-related paper.

Margins may widen later in the year, especially if the gold price fails to recover significantly and South Africa's net foreign reserves keep falling. The maximum maturity for South African loans, set at seven years for the past two to three years, may be shortened.

But despite the country's political and economic problems, the banks are not about to stop lending.

The economy's woes are short-terms ones, a representative of one of the world's biggest banks argues. Although South Africa's political future remains clouded, he says, "there has not been a noteworthy worsening" of the assessment in the past few months.

Bernard Simon

WORLD STOCK MARKETS

NEW YORK

Early Wall Street rally of 7.4

MANY recently-depressed Technology and Blue Chip shares attracted bargain hunting on Wall Street yesterday morning, with the market in general tending to rally in active trading.

The Dow Jones Industrial Average recovered 7.42 to 803.27 at 1 pm, while the NYSE All Common Index picked up 57 cents to $63.31. Rises outscored falls by a two-to-one margin after volume increased to 39.56m shares from Wednesday's 1 pm figure of 35.75m.

Analysts said the market was moving up from an oversold technical condition. They added that investors may have drawn some optimism from comments by Budget director David Stockman, who said he is optimistic Congress and the Administration can reach a compromise on the Federal Budget.

Kodak rose 1½ to $69¼, McDonnell Douglas $1 to $32, Disney $1 to $51, Teledyne 2½ to $116¼, Communications Satellite 1⅞ to $55¼, Syntex $1 to $32 and Datapoint 1½ to $22¾.

Marshall Field, which gained $1 to $25½ on Wednesday, did not trade yesterday morning. The company said it is expecting a revised offer from BAT Industries, which earlier in the week announced a plan to acquire Field for $25.50 a share, or about $310m.

Chicago Milwaukee, which recently received the go ahead to sell off additional assets of its railroad, put on 2¼ to $51¼.

THE AMERICAN SE Market Value Index rose 3.56 to 250.06 at 1 pm. Volume 2.38m shares.

Canada

Market in Canada also staged a good early recovery in a fair turnover. The Toronto Composite Index improved 16.4 to 1,565.1, Golds 108.9 to 2,168.8 and Oil and Gas 57.4 to 2,447.8.

Closing Prices for North America were not available for this edition.

Germany

Bourse prices were mixed in listless trading despite the announcement of a cut in the Bundesbank's special Lombard rate to 9.5 per cent from 10 per cent during the trading session.

Although the move had been widely expected, brokers were a little surprised by the market's lack of response.

Banks, which were broadly higher on Wednesday as speculation on the Lombard rate cut grew, generally eased yesterday. Commerzbank slipped DM 1.30 and Deutsche Bank 90 pfennigs.

The session's only notable rises were in Stores, where Horten and Kaufhof, DM 150, each added DM 3. Possibly, the shares benefited from expectations of higher consumer spending as credit is loosened. Banks have recently cut rates on personal overdrafts, often used to finance purchases of appliances, clothing or furniture.

In Electricals, Siemens receded DM 1.90 to DM 221.70 following a remark by managing board chairman Karl-Heinz Kaske at the annual meeting that the company's earnings will not keep pace with sales growth.

Recently firm Steels mostly declined. Kloeckner-Werke, which said it is seeking Government aid to help rationalisation efforts, fell DM 2.50 to DM 62.50.

On the Bond market, prices were steady. The special Lombard cut had been expected and was already reflected in price rises in recent sessions, dealers said. The Bundesbank sold DM 4.4m of public sector paper, down sharply from Wednesday's sales of DM 102.3m. Mark-denominated Eurobonds tended to move higher.

Tokyo

Widespread bargain hunting caused the market to rally very sharply yeserday in a fairly active session, continuing the afternoon rebound seen on Wednesday after the fresh steep early slide.

The Nikkei-Dow Jones Average regained 163.27 at 7,052.80, the largest one-day rise seen so far this year. The Tokyo SE index surged ahead 9.18 to 529.88, while advances outnumbered declines by 493 to 157 on the First market after volume of 370m shares (440m).

In the morning yesterday, many investors were on their guard, playing it safe in the face of the brisk rebound on Wednesday afternoon. However, news that Kawasaki Heavy Industries, up Y24, has received a subway train order from New York metropolian authorities hit the market towards the end of the morning session and triggered the fresh rally that gathered momentum as the trading day wore on.

A trader commented that the order wasn't particularly big, but gave encouragement to the market in the face of recent trade friction with Western countries.

Export-orientated issues mainly advanced on this news, with large-capital issues, in particular, recovering strongly. Hitachi moved ahead Y21 to Y581, Toshiba Y11 to Y307 and MHI Y18 to Y217, while Nissan Motor rose Y16 to Y726, Matsushita Electrical Y27 to Y1,010, Victor Y80 to Y1,906 and Olympus Y16 to Y885. However, Sony lost Y30 to Y2,960 and Canon Y12 to Y766.

Oils picked up sharply, Teikoku rising Y46 to Y786 and Nippon Y32 to Y1,030.

Sumitomo Metal Mining advanced the day's limit of Y120 to Y560 after announcing a promising gold discovery, and this encouraged other Non-Ferrous Metal and Mining issues.

Paris

French shares closed mixed with a slight bias to higher levels, the market holding up well despite worries over foreign exchange developments and news of a two-point jump in the French Call Money rate to 17 per cent.

The weakness of the French franc, which tumbled to its lowest-ever levels in relation to the U.S. dollar and the D-mark, resulted in many share market participants buying foreign stocks, which were broadly higher. However, in the French section, rises led falls by 97 to 80.

Australia

Most sectors showed no decided trend in another thin business yesterday, but Gold Mining issues generally rallied.

An improving Bullion price in New York overnight followed by a further modest recovery on the Hong Kong Gold Bullion market helped the Australian Gold shares group.

Some dealers attributed good markets yesterday for Central Norsemen Gold and GMK to talk of take-over overtures by Western Mining. This failed to convince market technicians, however, who saw the price moves mainly as filling in the gaps in the charts left when Resource stocks went into their free-fall earlier in the year. Central Norseman regained 40 cents to A$3.50 and GMK 10 cents to A$3.00.

Elsewhere in the Golds sector, Peko-Wallsend hardened 10 cents to A$4.70, Poseidon 5 cents to A$1.40 and Pancontinental 15 cents to A$1.80.

Oil and Gas issues came in for some selling in the first session after London had shown no interest, but in afternoon dealings, a number of stocks picked up, leaving mixed movements on balance.

Hong Kong

Share prices fluctuated within a narrow range throughout the day in slow trading before ending with a slightly easier tendency on balance. The Hang Seng index shed 3.47 to 1,188.29.

Turnover amounted to HK$151.60m on the four exchanges, compared with HK$88.55m recorded in Wednesday's half-day session.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

NORWAY

ITALY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.72 (Discount of 25½%)

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

HY. S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

Milk sales decline slows

By Richard Mooney

SALES OF liquid milk in Britain are holding up surprisingly well following the January price rise. Preliminary figures published by the Milk Marketing Board put January sales in England and Wales at 479.7m litres, down only 1 per cent compared with the same month last year. This followed a year-on-year decrease of 0.4 per cent in January.

It had been feared that the 1½p increase to 20p a pint, which took effect on January 10, would lead to a steepening in the long term decline in milk consumption.

After an identical increase a year earlier the rate of decline jumped from December 1980's 1.5 per cent to 2.8 per cent in January 1981 and 2.5 per cent in February.

The relatively steady performance this year has raised hopes that the underlying rate of decline may be slowing, possibly helped by the "Gotta Lotta Bottle" advertising campaign which started in mid-January.

The MMB said yesterday, however, that it was "far too early to assess the effectiveness of the campaign."

Scottish liquid milk sales were down 1.8 per cent in February, according to figures published by the Scottish Milk Marketing Board. This followed a 3.5 per cent decline in January.

Exportable coffee output higher

WASHINGTON — World 1981/82 exportable coffee production—total harvested production less domestic usage in producing countries—is estimated at 75.9m bags, up 16.6 per cent from the 1980/81 total of 65.1m bags, the U.S. Agriculture Department said here yesterday.

Exportable output is expected to remain virtually unchanged at 51m to 52m bags for all countries except Brazil, for which an 11m bag increase is expected—from 13.5m to 24.5m bags.

In Bogota Colombian exporters said coffee export registrations had been opened for the April/June quarter. The registration price is $217.25 per 70-kilo bag, they added. Reuter.

Foot and mouth hits Denmark

BY HILARY BARNES IN COPENHAGEN

FOOT AND MOUTH disease has been confirmed in a dairy herd on the Danish island of Funen, the Ministry of Agriculture confirmed yesterday. Immediate steps have been taken to destroy the herd.

The last time that foot and mouth was confirmed in Denmark was in 1970.

Mr Kjeld Eiler, director of the Agricultural Council, said he expected that several overseas markets would be immediately closed to Danish meat exports, including the U.S. and Japan. This would cost Danish farmers substantial sums in lost exports.

Funen is a large island lying between the main Danish landmasses of Jutland and Sjaelland. It is an important dairying and pig producing area.

Containing the outbreak could be a problem, as there is a bridge link with Jutland and frequent ferries to Sjaelland.

said.

Precautions can be taken to prevent the disease spreading in Denmark through movement of livestock and people, but the risk of it being carried to other areas by birds would remain. This is the means by which the virus was believed to have been carried from northern France to the Isle of Wight last year.

Slaughtered

Foot and mouth is a highly contagious virus infection which can be caught by any eleven-hoofed animal. It is endemic in much of Europe, but except for last year's outbreak Britain has been clear for 14 years. In Britain any animal confirmed as having the disease and any others it has been in contact with must be slaughtered.

● British pig producers were urged yesterday to be more "aggressive" in their thinking.

Speaking at the presentation of the National Pig Awards in London, Mr David Samworth, chairman of the Meat and Livestock Commission, criticised negative attitudes in the industry.

With per capita consumption near the bottom of the EEC league there was plenty of scope for expanding sales, he said. But expansion should only be undertaken by the most efficient producers, he warned.

Livestock ban

Richard Mooney writes: The British Ministry of Agriculture said last night that it expected livestock imports from Denmark to be banned but fresh meat imports, except from affected areas, should not be affected. EEC hygiene regulations should be sufficient to ensure that the disease is not imported with carcase meat, it

Cocoa depressed

BY OUR COMMODITIES EDITOR

COCOA PRICES declined again on the London futures market yesterday, reflecting pessimism about the result of International Cocoa Organisation meeting in London this week. In spite of late rally, May futures closed £14 down at £1,076.5 a tonne.

It was announced yesterday that the International Cocoa Organisation had set up a 10-member steering group to speed up the discussions on the proposed loan for the buffer stock and the increase in the export levy from 2 to 3 cents a pound.

However, a compromise deal appeared to be emerging, under which a loan of $75m to the buffer stock on the basis of a 2 cents levy would be approved, but consideration of a bigger loan of $120m, based on a 3 cents levy, would be postponed until the Organisation's next meeting in July. London traders pointed out that $75m would enable the buffer stock to purchase only a further 36,000 to 38,000 tonnes (in addition to the 100,000 tonnes already held) and would have insufficient impact on the supply-demand balance to lift prices significantly.

Current sentiment in the cocoa market, where prices have fallen sharply this week, is "bearish." Although demand is known to have improved substantially, there are reports of better crop prospects in Ivory Coast and Brazil—the two main producing countries—and considerable uncertainty about the lack of selling so far by Nigeria, whose cut in oil revenue may trigger off a desire for more foreign currency from other sources.

Copper market lifted

By John Edwards, Commodities Editor

COPPER prices rose on the London Metal Exchange yesterday buoyed up by U.S. producer Kennecott's decision to cut output by 35 per cent and maintain a minimum price of 76 cents a lb. Higher-grade cash copper closed £9.75 up at £847.5 a tonne reflecting the improved market sentiment.

Kennecott claimed in an interview with Reuter that indefinite cuts at its Ray Mines Division and Chino concentrator in New Mexico would eliminate 11,000 short tons of the company's monthly output of 31,430 tons. The existing concentrator at Chino was due to have been phased out in August by a second plant currently under construction.

Instead, closure of the existing Chino concentrator has been advanced to March 28 and the start-up of the new plant postponed indefinitely.

Magma Copper, part of Newmont Mining, has also put up its domestic selling price in the U.S. to 76 cents a lb in line with the move by other producers to match the minimum price set by Kennecott. It remains to be seen, however, how consumers will react in view of the continued poor demand and the rise in U.S. interest rates this week.

St Joe yesterday cut its U.S. domestic zinc price by 1 cent to 39 cents a lb in line with the reduction announced by Asarco on Wednesday.

LME cash zinc fell by £5.5 to £444 a tonne. Lead was also under pressure as the nearly supply squeeze eased and the cash price closed £9.5 down at £342 a tonne.

EEC sugar sales steady

By Our Commodities Staff

THE EEC Commission yesterday granted export licences on 45,800 tonnes of white sugar at its weekly tender, staying close to the level that has ruled throughout most of the current exporting campaign. It set a maximum export rebate of 21.71 European currency units.

On the London futures market August sugar rose £2.375 to £162.175 a tonne. Dealers said trading was "thin."

FARMER'S VIEWPOINT

Cereal mountain threat

IT LOOKS now as though the cereal sector could well replace milk as the number one problem in the Common Agricultural Policy. Its budgeted cost for this year at about £1bn is just under half the present milk cost, but its scope for increase is unlimited.

This must have been recognised by the Commission in its suggestion for the Price Review that the cereal price rise should be restricted to 6 per cent as against 9 per cent for the remainder of commodities and in its declared aim of aligning EEC prices closer to those on the international grain market.

In this context, Britain is in a rather ambiguous position. Still a significant importer of hard wheat and maize, these imports will be equalled this year by total exports of some 4m tonnes of wheat and barley.

This at first sight is reasonable enough. But the cost is heavy. The threshold prices of these imports entail a levy of £59 per tonne for wheat and £63 per tonne for maize. The proceeds of these levies have to be handed over to Brussels.

There are, of course, subsidies on the exports, but at the moment they amount to only £24 per tonne on barley and £40 on wheat between the UK and third countries, and a great deal less than this on exports to other EEC countries to which many cargoes are directed for transhipment. The fact that these enormous exports of UK grain have taken place is a significant reversal of roles for a country which used to be the major grain importer of Europe.

But this could be only the beginning. After a check last year due to drought, grain yields look like resuming their upward trend. In addition, an increased wheat acreage of 10 per cent is being forecast. On average yield this would mean another 840,000 tonnes of wheat, and with a reported increase of 10 per cent in the acreage sown to winter barley (heavier yielding than spring sown) a million more tonnes of cereals for the 1982 harvest looks likely, even without any yield increase at all.

There is another factor. Compounders are already making increasing use of cereal substitutes in their feed rations. This year it is believed that these have amounted to 3m tonnes and this total is certain to grow by at least an equivalent amount annually.

This could mean an export surplus of a minimum of 8m tonnes by, say, 1985, by which time some forecasters envisage a British cereal crop of 24m tonnes. Which if it comes about could mean exports of as much as 12m tonnes.

But the possibilities of exports are not as rosy as all that. The Communist bloc is the big world market and it does not seem to be in a position to continue being so for much longer. The USSR, having seriously run down gold currency assets is now asking for credit. Poland and Romania are very doubtful commercial risks. None of them would need to buy if they could get their farming right.

There are signs that the cycle of Russian bad harvests might be ending. This winter's snows, which protect growing crops and provide moisture, are reported to be the best for years. The underdeveloped countries are no less hungry than they were, but their buying power does not increase and world cereal output is still edging upwards. There are still some options open to the Commission, but they are unlikely to be taken up or to have much effect.

Price reductions by any means such as aligning them to world levels are unlikely to reduce production. It has been tried with milk products by not raising prices in line with inflation and failed. It would also fail with cereals; farmers respond to low prices by increasing output.

Reduction of cereal substitute imports is possible, but it would mean being nasty to certain tropical countries like Thailand and Indonesia, and of course to the U.S., the other main supplier. It would be hotly attacked by livestock farming interests, particularly in the Netherlands, Germany and the UK.

The U.S. is taking some steps to reduce output with a voluntary growers' set aside, tied to entitlement to a deficiency payment. If the U.S. farmer's acreage is not reduced he is not entitled to the guaranteed minimum price. Even so these guaranteed prices look low by European standards. About £70 per tonne for wheat and £56 per tonne for maize as against European farm guaranteed prices of just over £100 per tonne as a minimum for wheat and barley.

In all these circumstances there is no doubt in my mind that the Community could have a cereal mountain of gargantuan proportions within a fairly short time span, which could only be disposed of at great expense. It could bust the CAP.

John Cherrington

India moves to protect jute industry

BY P. C. MAHANTI IN CALCUTTA

IN A BID to rescue its ailing jute industry, the Indian government has just announced a large purchase order for 200,000 bales of sacking. Since last December all official purchases of this category of jute goods had been suspended leading to abnormal accumulation of stocks.

Most of the industry's sacking output is consumed internally and the government is the largest buyer. Over 50 per cent of the total output of 1.3m tonnes consists of sacking materials.

The delivery period will be spread over three months, April to June. The mills will be given orders only if they undertake to buy raw jute in the ratio of four bales of fibre to each bale of finished goods order placed. The purchases will have to be from the Jute Corporation of India which now holds 2.2m bales of raw jute in stock after exporting 1hn bales and some sales in the domestic market.

An official spokesman hoped that the large purchase order should enable some of the 12 mills now closed to resume their operations.

The millers should help the Jute Corporation to plan its price support purchases for the new season beginning next July.

The chairman of the Indian Jute Mills Association Mr Sitaraman, who sees the sacking purchase order as a shot in the arm for the industry, says that it will also have a beneficial effect on the Hessian market as well.

In fact prices in the gunny market once in a depressed state have started looking up.

Meanwhile trade estimates of the current raw jute crop have been revised downwards to 7m bales—half a million bales lower than the forecast a few months ago.

Malaysia to close livestock authority

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN government is to close its national livestock authority, Majuternak, effectively ending the country's efforts to create a modern, large scale beef and dairy industry.

Agriculture minister, Mr Manan Othman, told parliament yesterday that the government found that the authority had failed in its objectives and was losing a lot of money.

The decision would affect mainly Australian and New Zealand cattle suppliers, as Majuternak imported several thousand head of cattle annually.

Majuternak was established 10 years ago to promote modern beef and dairy farming, but its mandate was blurred, and there was considerable duplication and rivalry with the veterinary department.

The authority's cattle importation and cross-breeding programme came under constant criticism for the lack of tangible results, but it was the authority's beef marketing operations that finally forced the Government to take action.

Over the past three years, the authority had to spend over $31m to subsidise beef sales and this pushed it heavily into debt.

Malaysia's livestock industry has been one of the weak areas in the country's agricultural sector. Taking 1975 livestock production index at 100, government figures showed at the index had dropped to 96 by 1980, indicating a sharp drop in beef production, since there had been good growth in poultry and pig output.

Malaysia is currently only 60 per cent self-sufficient in beef and 20 per cent self sufficient in milk, although these figures vary greatly depending on whether the cattle had been hit by the endemic foot and mouth disease.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER PRICES gained further ground on the London Metal Exchange amid reflecting the production cutback and new pricing structure announced by Kennecott: three months touched a day's high of £876.5; boosted by short covering, but eased to close at £874.5. Tin moved narrowly and closed at £7,385, three months. Lead was finally £351, with the contango widening to around £8. Another producer price cut in Zinc, this time by St. Joe, left three months at £450.5, while Aluminium closed at £599.5 and Nickel at £3,175.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
HighGrde	£	£	£	£
Cash	841-.5	—1.75	847-.8	+8.75
3 mths	868.5-.9	—1	876.5-.7	+14
Settlem't	842	—1.5	—	.....
Cathodes				
Cash	833-.5	—.25	845-.5	+10.7
3 months	860-.5	+4.75	873-.4	+14
Settlem't	830		—	.....
U.S. Prod.	—		*77.5-.17	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £841.00, three months £868.00, 67.50, 68.00, 69.00, 69.50, 70.00. Cathodes, £833.00, three months £858.00. Kerb: Higher Grade, three months £869.00, 69.50. Afternoon: Higher Grade, three months £873.50, 74.00, 74.50, 75.00, 74.50, 74.00, 73.50, 74.00, 74.50, 74.00, 74.50, 75.00, 75.50, 76.00, 77.00. Kerb: Higher Grade, three months: £326.50, 76.00, 75.90, 75.00, 75.50, 75.00, 74.50. Turnover: 20,150 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	442-.5	—5.5	443.5-	—5.5
3 months	447.5-8	—7	449-50	—4.75
S'ment	442.5	—5.5	—	......
Primw'ts	—	......	*48-41.75	......

Zinc—Morning: Cash £442.00, three months £448.00, 48.00, 48.50, 48.00, 47.50, 47.00, 47.50. Kerb: Three months £448.50, 49.00, 48.50. Afternoon: Three months £450.00, 49.50. Kerb: Three months £449.00, 50.00. Turnover: 6,975 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7150-70	+70	7200-10	+25
3 months	7370-80	+5	7400-20	+22.5
Settlem't	7170	—70	—	......
Standard				
Cash	7160-70	—70	7200-10	+25
3 months	7360-5	—12.5	7395-400	+11.5
Settlem't	7170	—70	—	......
Straits E.	£630.56	+8.2	—	......
New York	—		—	

Tin—Morning: Standard, cash £7,150, three months £7,400, 7,380, 7,360, 80, High Grade: Three months £7,400. Kerb: Standard: Three months £7,360, 65. Afternoon: Standard, cash £7,190, 7,200, three months £7,390, 85, 80, 90, 95, 80, 80, 7,400. Kerb: Standard: Three months £7,390. Turnover: 1,405 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344-.5	—9	341-.5	—9.5
3 months	349-50	—7.25	349-50	—8.25
Settlem't	345	—9	—	......
U.S. Spot	—		*27-38	......

Lead—Morning: Cash £343.00, three months £352.00, 51.00, 50.00, 49.00, 50.00. Kerb: Three months £350.00, 51.00, 52.00. Afternoon: Three months £352.00, 51.00, 50.00. Kerb: Three months £35.00, 50.50. Turnover: 6,325 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	576-.5	—2.75	577.5-8	—.75
3 months	599-.5	—1.75	600.5-1	—.25

Aluminium—Morning: Cash £576.00, three months £600.00, 599.50, 99.00. Kerb: Three months £599.00, 99.50, 99.00. Afternoon: Three months £600.00, 600.50, 01.00, 600.50. Kerb: Three months £600.50, 01.00, 600.00. Turnover: 7,350 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3145-55	—7.5	3145-50	—12.5
3 months	3171-5	—5	3172-3	—2.5

Nickel — Morning: Three months £3,180, 75. Afternoon: Three months £3,180, 75, 70, 72, 73. Turnover: 378 tonnes.

* Cents per pound. † M$ per kilo. ‡ On previous unofficial close.

SILVER

Silver was fixed 2.15p an ounce higher for spot delivery in the London bullion market yesterday at 398.8p. U.S. cent equivalents of the fixing levels were: spot 713c, up 5.1c; three-month 738.5c, up 3.8c; six-month 763.7c, up 3.8c; and 12-month 820.6c, up 5.8c. The metal opened at 393-397p (713-718c) and closed at 395-399p (716-721c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	398.80p	+2.15	397.5p	+4
3 months	405.30p	+1.85	408.75p	+3.75
6 months	418.60p	+1.85	—	......
12months	447.00p	+8.58	—	......

LME—Turnover 77 (88) lots of 10,000 ozs. Morning: Three months 407.0, 07.5. Kerb: Three months 407.5, 08.0, 07.5. Afternoon: Three months 409.0, 10.0, 10.5, 10.0. Kerb: Three months 409.6, 09.8.

COCOA

Futures continued to ease on further chartist and commission house selling which reflected concern over the slow progress of the ICCO discussions. Producers remained withdrawn but consumers again showed some inclination to replace cover at the lower levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1094-98	—11.5	1103-88
May	1075-77	—14.0	1085-57
July	1105-06	—6.5	1114-95
Sept	1186-88	—10.0	1138-23
Dec	1155-57	—9.5	1165-50
March	1175-77	—15.0	1182-70
May	1191-94	—12.5	1193-90

Sales: 2,611 (5,579) lots of 100 tonnes.

ICCO—Daily price, fob March 18: 87.48 (88.55). Indicator price for March 19: 90.23 (91.38).

COFFEE

Early dealings on a higher than expected opening attracted some jobber profit-taking, but in well matched business prices held steady, reports Drexel Burnham Lambert. Trade buying consolidated the morning gains until near the close when commission house pressure returned values to the lows.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1415-80	+6.0	1434-20
May	1228-30	+0.5	1244-27
July	1170-72	+7.5	1180-68
Sept	1149-50	+1.5	1158-48
Nov	1135-36	—0.5	1154-37
January	1133-40	+11.6	—
March	1122-30	+11.0	—

Sales: 4,066 (9,287) lots of 5 tonnes.

ICO Indicator prices for March 17: (U.S. cents per pound): Comp. daily 1979 125.83 (129.46); 15-day average 133.77 (134.34).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 242 tonnes. Increased operations were recorded, business with one exception being at its best on a daily basis for nearly two months. Interest ranged over various growths, with South American in chief request.

GAS OIL FUTURES

The market opened sharply higher after the firm New York Close. Prices rallied further on the continuing shortage of prompt physical product but eased off on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
March	272.00	+5.00	272.00-69.00
April	257.25	+7.00	261.00-53.50
May	250.25	+6.25	249.25-41.50
June	239.50	+3.50	240.50-33.75
July	240.00	+1.00	242.50-40.00
August	241.50	+0.50	245.50-41.50
Sept	247.75	+1.75	249.00-47.00
Oct	252.00	+2.00	253.00
Nov	253.50	+0.50	—

Sales: 2,871 (1,762) lots of 100 tonnes.

GRAINS

Old crops opened slightly higher, new crops unchanged. Pre-restitution buying firmed old crop wheat while barley eased on long liquidation. September barley found some commercial buying, but other new crops were quiet, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar.	114.00	+0.30	107.70	+0.15
May	115.65	+0.45	110.30	+0.10
July	120.15	+0.40	—	—
Sept	105.65	+0.05	102.45	+0.15
Nov	110.20	......	106.15	—0.05
Jan	114.00	......	109.85	......

Business done—Wheat: March 113.80 only, May 115.75-116.40, July 120.30-119.95, Sept 105.70-105.65, Nov 110.30-110.20, Jan no trades. Sales: 258 lots of 100 tonnes. Barley: March no trades, May 110.50-110.30, Sept 102.40-102.35, Nov 106.25-106.15, Jan no trades. Sales: 180 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent April 113.75, May 112.50, June 112.25 sellers transhipment East Coast. English Feed fob Mar 116.25, Oct/Dec 13.75 sellers. East Coast. Maize: S. African White/Yellow April/May 79.00. Barley: English Feed fob Mar 112.50, ug 104.75, Sept 106.00 sellers East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: S. East 113.50, N. West 114.00. Feed barley: S. West 109.50, N. West 108.70. The UK Monetary Coefficient for the week beginning Monday, March 22, is expected to remain unchanged.

RUBBER

The London physical market opened slightly steadier, attracted little interest through the day and closed quiet. Lewis and Peat recorded an April fob price for No 1 RSS in Kuala Lumpur of 204.0 (203.75) cents a kg and SMR 20 181.0 (180.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
April	50.50-51.00	51.00-52.00	—
May	51.50-51.80	51.90-52.80	—
Apl-Jne	51.70-51.80	51.80-51.90	51.80-51.30
Jly-Sept	55.50-55.70	55.30-55.40	56.00-55.00
Oct-Dec	57.30-57.40	56.89-57.00	57.40-56.30
Jan-Mar	59.30-59.60	58.90-59.10	—
Apl-Jne	61.60-62.00	61.00-61.20	—
Jly-Sept	63.60-64.00	63.10-63.50	63.60
Oct-Dec	65.70-66.00	65.60-65.40	—

Sales: 211 (231) lots of 15 tonnes, nil (3) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.50p (same); April 51.50p (same); May 51.50p (same).

WOOL FUTURES

BRADFORD—Enquiry from one or two home trade sources was not enough to remove anxiety about machinery activity in the months ahead.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 525.0, 528.5, 528.5-524.0; May 521.0, 524.0, 524.0-523.0; July 525.0, 527.0, 527.5-525.0; Oct 517.0, 518.0, 518.5-517.0; Dec 522.0, 523.9, 522.0; March 527.5, 529.0, 528.5; May 534.0, 534.0, 534.0; July 538.0, 539.0, 539.0. Sales: 159.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business). New Zealand cents per kg. March 397, 403, nil; May 404, 410, 405-403; Aug 420, 422, 423-420; Oct 422, 422, 423-422; Dec 424, 426, 425; Jan 424, 426, 425-423; March 430, 436, 431; May 438, 445, 443-440; Aug 447, 452, 431-450. Sales: 110.

SOYABEAN MEAL

The market opened steadier on commercial buying, reports T. G. Roddick, and remained steady in a narrow trading range.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
April	155.00-55.5	+1.00	155.50-55.00
June	150.00-50.5	+0.85	150.50-50.20
August	150.50-50.8	+0.85	150.50-50.20
October	151.70-52.0	+0.75	152.00-51.50
Dec	154.70-55.0	+0.50	—
Feb	158.00-59.0	+1.00	—
April	159.50-61.0	+0.75	—

Sales: 151 (240) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £149.00 (£125.00) a tonne cif March-April-May shipment. White sugar daily price £162.00 (same).

Rumours of further purchases by the USSR lifted prices over the day, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	158.85-56.95	154.50-54.75	157.75-52.50
Aug	162.15-62.20	158.60-60.00	162.25-57.50
Oct	166.60-66.75	164.25-64.55	167.00-63.25
Jan	168.25-69.00	166.25-67.00	169.00-66.50
March	175.20-75.50	171.50-71.00	176.25-71.75
May	176.40-76.50	174.25-75.00	—
Aug	179.25-79.75	176.25-78.25	177.50

Sales: 4,868 (4,511) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £256.50 (£253.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 17: Daily price 10.93 (10.97); 15-day average 11.02 (11.70).

POTATOES

LONDON POTATO FUTURES—The market was quiet, easing in the afternoon to close at or near the lows, reports Coley and Harper. Closing prices April 136.00, —0.00 (high 138.10, low 136.50); Nov 69.00, —0.00 (high 69.40, low 69.00); Feb 79.50, —0.60 (high 79.80, low 79.50). Turnover: 434 (400) lots of 40 tonnes.

★

HIDES—Manchester: second clears. Ox 31-35.5kg, 63.5p a kg (63.2p a kg); 26-30.5kg, 63.5p a kg (67.4p a kg); 22-25.5kg, 78.2p a kg withdrawn (72.7p a kg). Light cows: 25.5kg, 74.2p a kg (same).

★

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.00, codlings £4.00-£4.80, Large haddock £4.00-£5.50, medium £3.90-£4.50, small £2.80-£3.50, Rockfish £3.20, Reds £3.50, Saithe £2.70-£3.00.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 84.0 to 88.0; Ulster hindquarters 95.0 to 98.5, forequarters 63.0 to 60.0. Veal: Dutch hinds and ends 121.0 to 128.0. Lamb: English small 86.0 to 92.0, medium 84.0 to 88.0, heavy 84.0 to 85.0; Scotch heavy 60.0 to 64.0. Imported: New Zealand PL 66.0 to 67.0, PM 66.0 to 67.0, YLs 65.0 to 65.0. Pork: English, under 100 lb 44.0 to 56.0, 100-120 lb 46.0 to 55.0, 120-160 lb 41.0 to 53.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 102.04p per kg lw (+0.61); UK—Sheep 218.43p per kg est dcw (+8.82); GB—Pigs 80.47p per kg lw (+0.26).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels 42/130 4.60-5.50; Cyprus: Valencia Lates 3.50-4.50; Jaffa: Shamouti 50-100 4.90-5.60; Moroccan: Navels 48/113 3.80-5.00. Mandoras—Cyprus 52/72 5.00-7.00. Mandarins—Spania 4.00-4.80, Karas 4.40-5.00. Lemons—Cyprus: 2.50-3.00; Spania: 40-50 1.00-2.00; Italian: 80-120 4.00-5.00; Jaffa: 105 4.50; U.S.: 6.00. Grapefruit—U.S.: Texas Ruby 6.50-7.00, Florida Ruby 8.00-8.50; Cyprus: Large cartons 2.80-4.00, small cartons 2.50-3.20; Jaffa: 20/28 3.50-4.90; Moroccan: 40/64 2.00-2.50. Ortaniques—Jamaican: 64/120 8.50-9.00. Apples—French: New crop, Golden Delicious 20-lb 3.00-3.80, 40-lb 6.00-8.00, Stark Crimson 40-lb 7.00-9.50, 13-lb 3.40-4.80, Granny Smith 9.00-10.50; Canadian: Red Delicious 8.50-12.00; U.S.: Red Delicious 10.00-14.00; S. African: Dunne 11.00-12.00; Golden Delicious 14.00-15.00.

English Produce: Potatoes—Per 55 lb, White 3.00-3.50, Red 3.50-4.00, King Edwards 3.40-4.20. Mushrooms—Per lb, open 0.50-0.60, closed 0.60-0.80. Apples—Per lb, Bramley 0.20-0.30, Cox's 0.25-0.40. Pears—Per lb Conference 0.14-0.22. Cabbages—Per 30 lb bag, Celtic/Jan King 2.50-3.50. Savoys—Per 30 lb 2.50-3.00. Lettuce—Per 12, round 1.50-2.00. Onions—Per 55 lb 40/80mm 2.00-3.00. Carrots—Per 28/56 lb 1.00-2.40. Beetroots—Per 28 lb, round 1.00-1.20, long 1.40-1.50. Swedes—Per net 0.90-1.60. Sprouts—Per 30 lb 1.50-4.00. Rhubarb—Indoor, per lb, 14 lb box 0.16-0.17, outdoor 0.12-0.14. Leeks—Per 10 lb 1.20-1.50. Parsnips—Per 28/28 lb 1.00-1.40. Turnips—Per 28/28 lb 1.00-1.40. Cucumbers—Per package 3.00-4.80. Calabrese—Per 9 lb 3.50. Greens—Per 33 lb Cornish 8.00-9.00, Kent 30 lb 3.50-4.50. Cauliflowers—Per 16/24, Cornish 5.00-8.00, Kent 3.50-4.00. Tomatoes—Per lb O/E 0.30-0.45.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 17 1982	+ or —	Month ago
Metals			
Aluminium	£810-815		£810-815
Free Mkt.	$1035/1065		$1025/1075
Copper			
Cash h grade	£847.5	+9.75	£862.5
3 mths	£875.75	+11	£891.75
Cash Cathode	£845.25	+10.5	£859
3 mths	£873.5	+13	£886.25
Gold troy oz	$323	+10	$369.75
Lead Cash	£342	—9.5	£359.25
3 mths	£349.75	—8.25	£365.5
Nickel	£3684		£3684
Free mkt	255/275c		255/275c
Platin'mtr oz'y	£260		£260
Free mkt	£174.50	+6	£183.45
Quicksilver†	$390/400		$390/400
Silver troy oz	398.80p	+2.15	429.75p
3 mths	405.30p	+1.85	442.95p
Tin cash	£7205	+25	£7095
3 mths	£7410	+22.5	£7305
Tungsten	$118.58		$125.05
Wolfrm 22.46lbs	$115/118		$125/129
Zinc cash	£443.5	—5.5	£455.5
3 mths	£449.5	—4.75	£460.5
Producers	$900		$900
Oils			
Coconut (Phil)	$485y		$530
Groundnut	....		$560
Linseed Crude	....		£440
Palm Malayan	$502.5x		$527.5
Seeds			
Copra Ph lip	$330z	....	$345
Soyabean (U.S.)	$262y	—.2	$265
Grains			
Barley Fut. May	£110.50	+0.10	£110.95
Maize	‡	....	£133.50
Wheat Fut. May	£115.65	+0.45	£114.55
No.2 Hard Wint	‡	....	£117.00
Other commodities			
Cocoa ship't*	£1092	—14	£1193
Future May	£1076.5	—14	£1157.5
Coffee Ft' May	£1229	+0.5	£1309
Cotton A.Index	70.66c	....	69.65c
Gas Oil Apr.	$257.25	+7	$271.5
Rubber (kilo)	49.5p	....	45.5p
Sugar (Raw)	£149zx	+3	£176
Wool'ps 64s kl.	388p kilo	....	387p kilo

‡ Unquoted. v April. z March-April. x May. y April-May. u May-June. † Per 76 lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, March 18.

PRECIOUS METALS RALLIED on short covering and technical buying. Copper remained strong on the news of production cutbacks. Sugar was sharply higher on reports of purchases by P.R. of China. Heating oil was higher mostly on technical buying of bullish trade ... was moderately lower as scepticism mounted about the ability of the ICCO to support the market. Local and speculative buying in grains and soyabeans lifted the market to new highs, reported Heinold.

Copper—March 68.50-68.95 (68.05), April 69.25 (68.45), May 70.15-70.25, July 71.90-72.10, Sept 73.70, Oct 75.50, Dec 77.55, Jan 78.05, March 79.50, May 80.20, July 81.80, Sept 83.45, Dec 85.65, Jan 86.55.

*Gold—March 324.0 (318.0), April 324.2-326.0 (319.3), May 328.7, June 333.0-333.5, Aug 339.5, Oct 346.0, Dec 354.3, Feb 362.2, April 370.3, June 378.6, Aug 386.9, Oct 395.4, Dec 403.9.

†Platinum—April 316.0-316.5 (308.0), July 323.5-325.5 (315.5), Oct 330.8-331.0, Jan 341.6, April 352.6, July 364.0.

Potatoes (round whites)—April 80.0 (79.5), Nov 77.0 (76.7), March 87.0, 88.0. Sales: 341.

‡Silver—March 715.0 (710.2), April 720.0 (712.5), May 727.0-730.5, July 745.5-750.0, Sept 766.0, Dec 791.5, Jan 800.5, March 818.0, May 835.5, July 853.0, Sept 870.5, Dec 896.5, Jan 905.5. Handy and Harman bullion spot: 716.90 (713.00).

Sugar — No. 11: May 11.58-11.59 (11.22), July 11.86-11.87 (11.53), Sept 12.15-12.17, Oct 12.33-12.35, Jan 12.50, March 12.95-12.96, May 13.15-13.19, July 13.20-13.30.

Tin—608.00-610.00 (same).

CHICAGO, March 18.

Lard—Chicago loose 19.00 (same).

Live Cattle—April 67.10-67.00 (67.15), June 65.00-65.02 (65.42), Aug 63.30-63.40, Oct 60.45-60.70, Dec 60.40-60.50, Feb 60.25, April 60.80.

Live Hogs—April 50.75-50.65 (51.02), June 54.20-54.40 (54.75), July 55.00-54.90, Aug 54.00-54.10, Oct 51.40-51.45, Dec 51.60-51.45, Feb 50.05, June 49.00-49.25.

††Maize—March 269½-270 (266½), May 277½-271 (269¼), July 284¾-280½, Sept 283¾, Dec 287½-288, March 309¼.

Pork Bellies—March 74.05-74.50 (73.62), May 74.20-74.70 (73.97), July 74.30-74.70, Aug 71.77-71.95, Feb 70.00, 69.97, March 70.00, May 71.50, July 72.00.

‡Soyabeans—March 617¾-618 (614½), May 631-632 (627), July 641½-641, Aug 645, Sept 640, Nov 650-650½, Jan 662, March 676.

‖Soyabean Meal—March 181.5-182.0 (182.7), May 184.5-184.7 (184.4), July 187.5-187.8, Aug 189.0, Sept 189.5, Oct 191.0, Dec 192.3, Jan 196.0-196.5.

Soyabean Oil—March 18.08-18.10 (18.02), May 18.97-18.98 (18.79), July 19.51-19.49, Aug 19.85, Sept 19.85, Oct 20.05, Dec 20.35, Jan 20.55-20.50, March 20.90-21.00.

††Wheat—March 351 (350¾), May 366-359 (357¼), July 369¾-370, Sept 383, Dec 405¾, March 409¾.

WINNIPEG, March 18.

‡Barley—March 119.40 (118.70), May 121.90 (122.20), July 124.70, Oct 126.80, Dec 127.60.

‡Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 222.04 (221.79).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. ‡‡ $ per metric ton.

Wednesday's closing prices

NEW YORK, March 17

††Cocoa—March 1847 (1867), May 1821 (1853), July 1867, Sept 1912, Dec 1959, March 2001. Sales: 2,400.

Coffee—"C" Contract: March 144.00-145.00 (147.48), May 132.75-133.00 (135.83), July 126.00, Sept 122.30-122.75, Dec 120.25-120.50, March 117.00, May 112.00-117.00, July 110.00-117.50. Sales: 5,125.

Cotton — No. 2: May 65.38-65.42 (65.36), July 67.25-67.30 (67.22), Oct 68.80-68.90, Dec 70.95-71.01, March 72.05-72.66, May 74.00, July 75.00-75.50. Sales: 6,250.

Orange Juice—March 114.90 (118.70), May 117.20 (122.20), July 120.60, Sept 122.80, Nov 124.65, Jan 126.70, March 128.15, May 129.65-130.00, July 130.85-131.20. Sales: 1,650.

CHICAGO, March 17

Chicago Imm Gold — March 317.8 (312.8), June 326.0-326.3 (321.7), Sept 337.5, Dec 347.8, March 359.1, June 370.7, Sept 382.6.

EUROPEAN MARKETS

ROTTERDAM, March 18.

Wheat — (U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: Afloat 198, March 20/April 15 199. U.S. No. 2 Red Winter: March/April 5 168, April 168.50. U.S. No. 2 Amber Durum April/May 182, June 182, July 183, Aug 184. U.S. No. 2 Northern Spring, 14 per cent: April 185.50, May 184, May 183, June 183, July 193, Aug 184. Canadian Western Red Spring April/May 203.

Maize — (U.S. $ per tonne): U.S. No. 3 Yellow: Spot 134, March 132.50, April 130, May 129, June 129, July/Sept 129.50, Oct/Dec 131, Jan/March 128 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: April 256.50, May 258.10, June 256.50, July 257.40, Aug 258.60, Sept 258.90, Oct 255, Nov 255, Dec 259 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein: Afloat 233/234, March 230 traded, Afloat 237 to 232 (depending on position), March 230.50, April 227.50, May 227.50, April/Sept 228, Nov/March 238 sellers. Brazil Pellets: May 235, April/May 235 traded, 2nd-half March 240, April 236, May 236, April/Sept 236.50, May/Sept 236.50 sellers.

PARIS, March 18.

Cocoa—(FFr per 100 kg): March 1170-1190, May 1205-1211, July 1230-1250, Sept 1275-1283, Dec 1306-1314, March 1340-1350, May 1350-1360. Sales at call: nil.

Sugar—(FFr per tonne): May 1870-1872, July 1877-1882, Aug 1920-1925, Oct 1850-1900, Nov 1890-1900, Dec 1900-1910, March 1980-1990, May 2030-2040. Sales at call: 6.

INDICES

FINANCIAL TIMES

Mar. 17	Mar. 16	Month ago	Year ago
244.20	244.49	247.54	259.85

(Base: July 1, 1952=100).

MOODY'S

Mar. 17	Mar. 16	Month ago	Year ago
991.0	990.1	1012.0	1145.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 17	Mar. 16	Month ago	Year ago
Spot	123.28	123.28	128.78	—
Futr's	128.19	127.12	136.20	—

(Average 1924-25-26=100).

REUTERS

Mar. 18	Mar. 17	M'nth ago	Year ago
1588.7	1585.2	1615.7	1702.7

(Base: September 18, 1931=100)

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For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

Gilts revive and equity leaders stage useful rally
Share index up 5.4 at 556.8—Gold shares better

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5
Mar 29	Apr 15	Apr 16	Apr 26

* " New time " dealings may take place from 9.30 am two business days earlier.

A decidedly better tone developed in London stock markets yesterday. Wednesday's shake-out in leading shares, prompted mainly by the poor annual trading statement from Turner and Newall, appeared to have run its course and conditions brightened noticeably. British Funds reflected revived confidence about interest rates, while South African gold shares rallied in line with yesterday's pick-up in the bullion price.

The level of trade in the equity sectors was disappointing. Encouraged by the lack of any fresh selling, however, the leaders gradually edged higher. Satisfactory preliminary results from Guest Keen, marred only by the chairman's cautious remarks about the trading outlook, also helped sentiment.

Measuring the improvement, the FT 30-share index closed 5.4 up at the day's best of 556.8. Among the index constituents, Dunlop, up 4 at 75p, encountered useful buying interest. Turner and Newall, in contrast, remained depressed and fell 4 for a two-day drop of 21 to 73p.

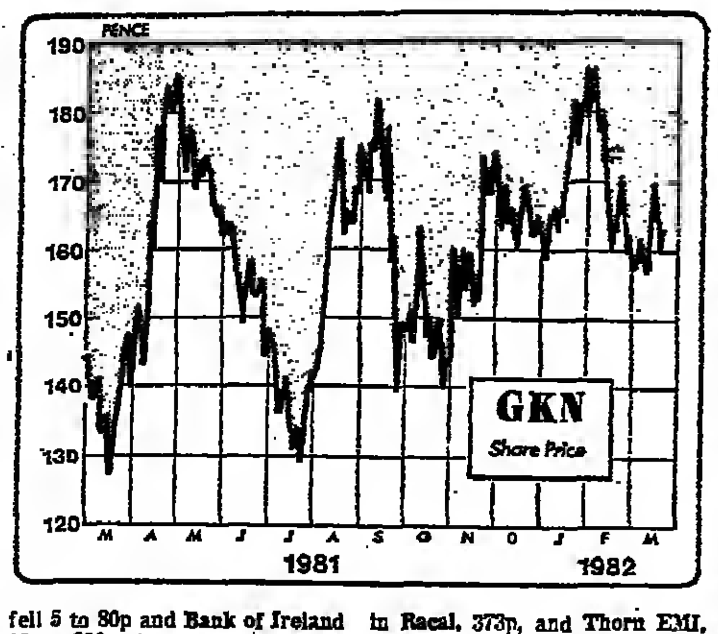
Gains in South African gold shares stretched to a point and mainly reflected bear covering from the U.S. The gold mines index advanced 13.4 to 233.0.

Encouraged by the concerted interest rate cuts in Germany, Switzerland and Holland, Gilt-edged took a turn for the better yesterday. Mediums and longs edged higher in thin trading to close with gains ranging to ½, while rises in the shorts extended to ¼. Index-linked stocks tended to be left out of the picture, but held relatively steady after the recent downturn. The 2.30 pm announcement of the mid-February money supply figures had no apparent impact on sentiment.

Amersham, which staged a highly successful debut three weeks ago, encountered late support and rose 4 to 194p compared with the issue price of 142p.

Midland better

A friendless market since last week's Budget on increased taxation worries, the major clearing banks perked up a little in quiet trading yesterday. Midland, which concludes the dividend season today, featured with a rally of 8 to 336p. Barclays hardened 5 to 450p and NatWest edged up a couple of pence to 430p. Elsewhere, Trade Development Bank touched $34 before closing a net $1 better at $33 in response to the record annual earnings and the possibility of the group amalgamating with Republic New York Corporation, a U.S. banking holding company whose principal asset is the Republic National Bank of New York. Irish issues drifted lower on lack of support; Allied Irish fell 5 to 80p and Bank of Ireland 10 to 200p.



Sedgwick Forbes improved to 155p on the satisfactory results and relief that a fund-raising call did not accompany them before easing on profit-taking to finish unchanged on the day at 150p. Other Lloyds Brokers, dull the previous day on currency considerations, rallied but closed below the day's best.

Leading Buildings regained a certain amount of composure after the previous day's shake-out. Barratt Developments, a dull market since the recent interim results, rallied 6 to 265p, after 266p, while George Wimpey hardened a couple of pence to 108p. Renewed support was forthcoming for Redland which firmed 4 to 182p, while London Brick improved a penny to 58p; last year, the latter's annual results were announced on April 8. Outside the leaders, Wiggins Group, good of late on vague bid rumours, met sellers and shed 4 to 108p, while Brown and Jackson gave up 3 to 20p on lack of interest. Sharpe and Fisher cheapened a couple of pence to 40p on disappointment with the preliminary results.

After opening a couple of pence higher at 326p, ICI drifted off and closed that much cheaper on balance at 322p. Croda International, which recently fought off a 70p per share bid from Burmah Oil, hardened a penny to 77p, but Yorkshire Chemicals, annual results due towards the end of the month, eased that much, to 40p.

Stores idle

Lack of investment incentive prompted another subdued session in Stores. The leaders finished a shade firmer for choice, with Marks and Spencer 4 up at 146p. House of Lerose gained the turn to 95p following the interim results.

Small investment buying helped the Electrical majors to recover some lost ground. GEC closed 10 dearer at 820p, after 823p, while Plessey, with the help of Press comment, gained 6 at 378p. Ahead of next Wednesday's preliminary results, BICC firmed 5 to 330p, after 333p. Similar improvements were seen in Racal, 373p, and Thorn EMI, 425p. Elsewhere, Farnell put on 20 to 640p on hopes of increased marketability in the shares after next week's four-for-one subdivision. ESI London, a restricted market, added 12 more to 205p and Memec put on 15 at 275p. Eurotherm gained 9 to 374p and Automated Security 10 to 183p. Air Call, a firm market of late, lost 10 to 250p and Pressac softened a couple of pence to 24p, the latter following the results.

The cautious tenor of the chairman's statement which accompanied the better-than-expected preliminary profits caused GKN to drift down from a higher level of 170p to close only 3 up on balance at 163p. Still reflecting the £50m power station order from Oman, John Brown hardened a penny to 58½p. Elsewhere in Engineerings, Chemring rose 8 to 283p and G. M. Firth 4 to 240p. Davy Corporation shed 5 to 143p, while Sotherr and Pitt came on offer and shed 4 to 62p. Dealings in Stone-Platt were suspended at 12p prior to the announcement that Receivers had been appointed.

Huntley and Palmer jumped 7 to 90p following the intimated share-exchange bid worth in excess of 120p per share from Nabisco Brands; the offer has been referred to the Monopolies Commission. Cadbury Schweppes, talked of as a likely bidder for Huntley and Palmer, closed 2 dearer at 97p, after 98p, while Rowntree Mackintosh, whose bid for H and P lapsed on Tuesday after reference to the Monopolies Commission, softened a couple of pence to 166p. Elsewhere in the Food sector, Bejam shed 4 to 125p on disappointment with the interim results.

Turner & Newall weak

Turner and Newall dipped 4 more for a two-day relapse of 21 to 73p on the dismal preliminary statement. Other miscellaneous Industrials, however, perked up but the volume of business was extremely small. Glaxo gained 8 to 510p and Rank Organisation, following the annual meeting, improved 4 to 196p. Elsewhere, Sale Tilney lost 11 to 212p on the cautious statement which accompanied the results and Business Computers declined 3 to 80p after uninspiring trading news. Having risen 22 on Wednesday on ICI's acquisition in the market of around 10 per cent of the shares at 180p, Arthur Howden slipped 4 to 176p after ICI had added a further 4.9 per cent to its holding and then withdrew. F. Austin (Leyton) were active and closed a fraction cheaper at 3p, after 2p. Capydex lost 4 to 46p in the absence of bid developments. Thomas Tilling rose 5 to 156p on further consideration of the results and Steetley gained a similar amount to 151p with the preliminary figures proving higher than expected. The acquisition of Smiths Happiway Spencers for around £1m prompted support for Associated Leisure, which jumped 11 to 180p. Elsewhere in the Leisure sector, renewed support lifted Pleasurama 10 to 445p.

Motor Components featured Dunlop which rose 4 to 76p on continued recovery hopes; the annual results are due next month. Sopra added a penny to 53p following the increased half-year profits and 10 per cent scrip issue.

Publishers featured Liverpool Daily Post and Echo which touched 163p before settling for a net gain of 8 at 160p following the more-than-doubled preliminary earnings. William Collins, still on the annual figures, added 8 more to 243p. Among advertising agencies, Geers Gross, a dull market earlier in the week after adverse press comment, rallied 8 to 138p, while Mills and Allen, interim results due today, fell to 518p but recovered during the afternoon to close 5 down on balance at 528p. Capseals were marked 5 higher at 50p to match the price paid by Sonoco UK for Cope Allman's 59.2 per cent stake; Sonoco is to offer the same price to outstanding shareholders.

Oils quietly firm

Quietly firm conditions prevailed in Oils awaiting the outcome of the OPEC meeting taking place today in Vienna. British Petroleum closed without alteration at 280p, after 282p, while Shell hardened a couple of pence to 354p. Elsewhere, KCA Drilling touched 64p on the preliminary results before drifting off to close unchanged on balance at 61p. KCA International improved 2 to 58p. Moray Firth again lacked support and dropped 10 for a two-day loss of 18 to 55p, while, among Transatlantic issues, Gulfstream Resources relinquished 13 to 95p and Flair Resources shed 17 to 100p, after 95p.

Money brokers continued to drift to lower levels. Exco gave up 3 more to 206p, while Mercantile House eased 5 at 420p. Elsewhere in Financials, Britannia Arrow held at 49p following the increased annual profits and dividend.

Shippings hardened. P and O Deferred added a penny to 125p, while Ocean Transport, preliminary results expected next Thursday, firmed a similar amount to 128p. James Fisher rose 5 to 163p following the full-year figures.

Further consideration of the respective preliminary statements lifted Corah 3 to 48p, and Hugh Mackay 2 to 54p.

Bats attracted early support and touched 410p on thoughts that the proposed offer for Marshall Field could run into legal difficulties; the shares turned easier in the later trading, however, and finished only 3 up on balance at 403p following the announcement that the offer terms may be revised. Dealings in Marshall Field were subsequently suspended on the New York Stock Exchange. Imperial added 2½ to 90½p amid rumours that the company is planning to dispose of the troubled poultry division.

Golds sharply higher

Large-scale bear covering, thought to have emanated from the U.S. and London, took South African Golds sharply higher.

The bear covering was much in evidence in overnight American markets and continued from the outset in London, along with modest buying interest from Johannesburg and the Continent, prompted by the strong performance of the bullion price which recouped $10 to $323 an ounce.

In the marginal issues, Durban Deep put on 20 to 586p and East Rand Proprietary 13 to 427p despite the uncertainties surrounding the current year's dividend payments outlined in their respective annual reports.

The Gold Mines index advanced 13.4 to 233.0—its biggest one-day gain since December 14 last year.

The strength of Golds encouraged sizeable buying of Financials although they tended to close below the day's best following late profit-taking.

Gold Fields of South Africa were prominent and moved up £1 to £26 while "Amgold" added ¼ to £29¼ and Geocor 20 to 770p. De Beers closed up 2 to 224p, after having touched 230p. The Bermuda-registered Minorco rose 6 to 332p ahead of the half-year figures expected today.

London Financials closed below the day's highs with Gold Fields a feature and 12 up at 370p, after 374p. Rio Tinto-Zinc hardened 2 to 420p, after 427p.

An otherwise firm Australian market was highlighted by persistent selling of Bond Corporation, which gave up 12 to a 1981-82 low of 70p on news of a proposed one-for-two rights issue, at A$1 per share to raise approximately A$23m, which accompanied the group's full-year results.

Demand for Traded Options declined sharply and only 1,028 deals were arranged—the lowest for over a month. Calls transacted amounted to 711, over half of which were taken out in Imperial in which 367 trades were done, 255 in the August 90s.

FINANCIAL TIMES STOCK INDICES

	Mar. 18	Mar. 17	Mar. 16	Mar. 15	Mar. 12	Mar. 11	A year ago
Government Secs	68.30	68.01	68.33	68.47	68.30	68.71	70.32
Fixed interest	68.90	68.85	69.08	69.03	68.98	69.07	72.00
Industrial Ord	556.8	551.4	569.4	566.8	566.9	567.8	496.7
Gold Mines	233.0	219.6	221.5	211.5	219.6	228.0	246.5
Ord. Div. Yield	5.65	5.70	5.59	5.66	5.64	5.51	6.55
Earnings, Yld. % (full)	10.55	10.33	10.18	10.29	10.26	10.24	13.80
P/E Ratio (net) (*)	12.15	12.50	12.75	12.52	12.55	12.57	8.97
Total bargains	19,981	20,174	21,451	21,009	25,705	23,029	26,447
Equity turnover £m.	—	150.68	138.41	162.32	161.72	145.99	181.83
Equity bargains	—	17,095	18,849	15,999	19,330	18,576	21,977

10 am 552.4. 11 am 554.3. Noon 555.4. 1 pm 555.9. 2 pm 556.8. 3 pm 556.8.

Basis 10 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 11.01.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3/81)	60.17 (25/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.5 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	208.2 (9/3/82)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 17	Mar. 16
—Daily		
Gilt Edged Bargains	190.9	190.8
Equities Bargains	110.8	122.1
Value	304.5	379.8
5-day Avrge.		
Gilt-Edged Bargains	205.0	214.3
Equities Bargains	117.5	116.5
Value	286.5	295.8

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross yield	P/E ratio
142	F.P.	26/3	196	186	Amersham	194	+4	b3.5	2.6	2.6	22.8
15	F.P.	15/4	29	19	Cambrian & Gen. 1½p	22	—	—	—	—	—
80	F.P.	—	365	315	*Eldridge Pope £1	365	—	9.8	1.9	3.7	11.8
—	F.P.	—	26	21	Fleet Holdings 20p	23	—	—	—	—	—
—	F.P.	—	38	27	Greenfriar Warrants	35	—	—	—	—	—
§90	F.P.	5/3	93	89	*Imm. Bus. Sys. 10p	92	—	—	—	—	—
‖	F.P.	—	55	47	*Malaysian Tin 5p	50	+1	—	—	—	11.0
§130	F.P.	16/4	148	137	*Oceonics 10p	147	+1	bd1.5	4.7	1.6	18.7
‖	F.P.	—	50	30	Osprey Assets	30	—	F1.4	—	6.7	—
**	F.P.	—	42	40	P. H. Industrials	40	−½	b2.3	1.8	8.2	8.5
‖	F.P.	—	16	15	TSW 5p	16	—	F0.8	—	8.4	—
46	F.P.	12/3	62	47	*York Mount	60	—	b4.51	2.8	10.7	7.6

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
§100	£25	30/7	35½	25¾	Barclays 16% Ln. Stk.	34	+¼
100	F.P.	14/4	115	111	Boddingtons Brew 9½% Cnv. Ln. [illegible]	114	—
**	F.P.	—	205	200	Churchbury Ests. 6.4% Cnv. Ln 1988	205	+2
100	Nil	22/5	5pm	¼pm	Hunting Pet. 10% Cnv. Ln. 1997	¼pm	—
§99	£10	29/4	11¼	10¼	Lee Valley 9½% Red. Prf. 1989	11¼	—
*97½	F.P.	18/5	110½	101	Mid Kent Water 2½% Red. Prf. 1987	101	—
§100	£10	—	101⅞	99¾	Nationwide Bdg. Soc. 16¾% (17.1.83)	101⅛	+⅛
§100	F.P.	—	101⅛	100	Do. 15¾% (7/2/83)	101⅛	+⅛
§100	F.P.	—	100⅛	100¼	Do. 14¼% (14/3/ 8)	100¼	—
**	F.P.	16/4	103p	100p	Ropners 11½% Cum Prf.	103p	—
96.85	£20	20/5	25	19¾	Trans-Canada Pipelines 16½% Notes 1987	24	—

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
70	F.P.	15/3	19/4	87	75	*Clyde Petroleum	76	+1
40	F.P.	8/5	23/4	40	40½	*Energy Finance 10p	40	−1
30	Nil	—	—	97pm	20pm	First Castle 10p	24pm	+1
160	Nil	22/3	29/4	28pm	4pm	Hunting Pet. Services	17pm	—
220	F.P.	26/2	25/5	295	258	Lovell (Y.J.)	286	—
A$2.25	Nil	—	—	20pm	12pm	M.I.M.	15pm	−1
188	F.P.	11/2	26/3	229	217	MEPC	219	+2
110	Nil	25/5	23/4	38pm	24pm	Security Centres	34pm	−4
11	Nil	—	—	3½pm	3½pm	Shaw & Marvin 10p	3½pm	—
45	F.P.	—	—	48	37	Steaua Romana (Brit.)	37	—
10	Nil	—	—	9½pm	1pm	Sturla 10p	1pm	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. * With warrants. †† Dealings under special Rule. * Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ** Unit comprising five ordinary and three Cap. Shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Assoc Leisure	100	+11	Liverpool D. Post	160	+ 8
Barratt Devs	265	+ 6	RTZ	420	+ 2
Bond Corp.	70	−12	Sedgwick	150	—
GKN	163	+ 3	Stewart Wrightson	207	+ 4
Heath (C.E.)	305	—	Trade Dev	$33	+ 1
Huntley and Palmer	90	+ 7	Vaal Reefs	£22⅝	+ 1⅛

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Turnr & Newall	23	77	−17	Marks & Spen	16	142	− 2
GEC	21	810	− 3	GUS A	15	495	−10
BAT Inds	19	400	−13	Plessey	15	372	− 6
BP	17	280	—	Shell Trans	15	352	+ 4
Racal Elect	17	368	− 2	Barclays Bk	14	445	− 5
RTZ	17	418	+ 5	Cons Gold	14	358	+ 3
Barratt Devs	16	259	− 6	NatWest Bk	14	428	− 2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12

For rate indications see end of Share Information Service

In a subdued Option market, calls were arranged in Trident TV A, Howard Tenens, Old Swan Hotel (Harrogate), Woodside, Charterhall and Premier Oil. Puts were taken out in Lasmo, Burmah Oil and Tozer Kemsley and Millbourn, while doubles were struck in Premier Oil, Woodside and Exco.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	6.6755
Algeria	Dinar	4.1875
Andorra	Fr. Franc	6.1325
	Sp. Peseta	104.29
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7026
Argentina	Peso (f) (5)	11450.00
Australia	Dollar	0.944
Austria	Schilling	16.5575
Azores	Port. Escudo	70.15
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	104.29
Bangladesh	Taka	21.09
Barbados	Dollar	2.01
Belgium	Franc (O)	44.95
	Franc (F)	49.05
Belize	Dollar	2.00
Benin	C.F.A. Franc	306.625
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.1996
Bolivia	Peso	43.56
Botswana	Pula	0.8838
Brazil	Cruzeiro	149.64
Brunei	Dollar	2.138
Bulgaria	Lev	0.945
Burma	Kyat	0.4516
Burundi	Franc	90.00
Cameroon Rp.	C.F.A. Franc	306.625
Canada	Dollar	1.2149
Canary Is.	Sp. Peseta	104.29
Cape Verde Is.	Escudo	55.51
Cayman Is.	Dollar	0.856
Cen. Afr. Rep.	C.F.A. Franc	306.625
Chad	C.F.A. Franc	306.625
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.838
Colombia	Peso (O)	60.98
Comoros	C.F.A. Franc	306.625
Congo (B'ple. Rep. of	C.F.A. Franc	306.625
Costa Rica	Colon (O)	37.20
	Colon	43.00
Cuba	Peso	0.81
Cyprus	Pound*	2.1254
Czechoslovakia	Koruna (O)	5.85
Denmark	Krone	7.8863
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7026
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	30.00
	Sucre (F)	45.00
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.2121
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	208.56
Ethiopia	Birr (O)	2.0625
Faeroe Is.	Dan. Krone	7.8863
Falkland Is.	Pound*	1.8115
Fiji Is.	Dollar	0.9115
Finland	Markka	4.562
France	Franc	6.1325
Fr. Cty in Af.	C.F.A. Franc	306.625
Fr. Guiana	Franc	6.1325
Fr. Pac. Is.	C.F.P. Franc	107.646
Gabon	C.F.A. Franc	306.625
Gambia	Dalasi	2.6081
Germany (E)	Ostmark (O)	2.371
Germany (W)	Mark	2.371
Ghana	Cedi	2.75
Gibraltar	Pound*	1.8115
Greece	Drachma	61.62
Greenland	Dan. Krone	7.8863
Grenada	E. Caribbean $	2.7025
Guadeloupe	Franc	6.1325
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	39.1087
Guinea Rep.	Syli	21.9411
Guyana	Dollar	3.0000
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	6.015
Hungary	Forint	34.4987
Iceland	Krona	9.458
India	Rupee	9.1996
Indonesia	Rupiah	643.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2953
Irish Rep	Punt*	1.4876
Israel	Shekel	18.03
Italy	Lira	1286.75
Ivory Coast	C.F.A. Franc	306.625
Jamaica	Dollar	1.7834
Japan	Yen	238.83
Jordan	Dinar	0.3466
Kampuchea	Riel	
Kenya	Shilling	10.0137
Kiribati	Aust. Dollar	0.944
Korea (Nth)	Won	0.94
Korea (Sth)	Won	706.00
Kuwait	Dinar	0.2846
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.845
Lesotho	Loti	1.039
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenstein	Sw. Franc	1.8815
Luxembourg	Lux Franc	44.95
Macao	Pataca	6.0446
Madagascar D. R.	Franc	306.625
Madeira	Port. Escudo	70.15
Malawi	Kwacha	0.9364
Malaysia	Ringgit	2.328
Maldive Is.	Rufiyaa (M)	7.55
	Rufiyaa (O)	3.95
Mali Rp.	Franc	613.25
Malta	Pound*	2.4618
Martinique	Franc	6.1325
Mauritania	Ouguiya	43.50
Mauritius	Rupee	11.1104
Mexico	Peso	45.07
Miquelon	Fr. Franc	6.1325
Monaco	Fr. Franc	6.1325
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.7486
Mozambique	Metical	
Namibia	S.A. Rand	1.032
Nauru Is.	Aust. Dollar	0.944
Nepal	Rupee	13.20
Netherlands	Guilder	2.6026
Neth. Antilles	Guilder	1.80
New Zealand	Dollar	1.2887
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	306.625
Nigeria	Naira (O)	0.6585
Norway	Krone	6.021
Oman, Sultanate of	Rial	0.345
Pakistan	Rupee	11.1178
Panama	Balboa	1.00
Papua N.G.	Kina	0.7196
Paraguay	Guarani	126.00
Peru	Sol	551.50
Philippines	Peso	8.336
Pitcairn Is.	N.Z. Dollar	1.2887
Poland	Zloty (O)	80.00
Portugal	Escudo	70.15
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.1325
Romania	Leu	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7026
St. Helena	Pound*	1.8115
St. Lucia	E. Caribbean $	2.7026
St. Pierre	Fr. Franc	6.1325
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.9711
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1286.75
Sao Tome & Principe	Dobra	40.9199
Saudi Arabia	Riyal	3.4225
Senegal	C.F.A. Franc	306.625
Seychelles	Rupee	7.3249
Sierra Leone	Leone	1.2115
Singapore	Dollar	2.116
Solomon Is.	Dollar	0.9135
Somali Rep.	Shilling (6)	15.4525
	Shilling (7)	12.46
South Africa	Rand	1.062
Spain	Peseta	104.29
Spanish ports in N. Africa	Peseta	104.29
Sri Lanka	Rupee	20.88
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.032
Sweden	Krona	5.829
Switzerland	Franc	1.8815
Syria	Pound	3.9262
Taiwan	Dollar (O)	37.00
Tanzania	Shilling	9.1587
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	306.625
Tonga Is.	Pa'anga	0.944
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5504
Turkey	Lira	144.55
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.944
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6727
Utd. Kingdom	Pound Sterling*	1.8115
Upper Volta	C.F.A. Franc	306.625
Uruguay	Peso	12.00
U.S.S.R.	Rouble	0.7097
Vanuatu	Vatu	98.1111
	Aust. Dollar	0.944
Vatican	Lira	1286.75
Venezuela	Bolivar	4.3015
Vietnam	Dong (O)	9.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3454
Yugoslavia	Dinar	45.1417
Zaire Rp.	Zaire	5.8454
Zambia	Kwacha	0.9104
Zimbabwe	Dollar	0.7385

n.a. Not available. *U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent. (3) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, exporters, tourists. (4) Argentina—Commercial and financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82. (6) Somalia: Parallel exchange rate introduced 1st July—for essential imports. (7) Somalia: Exports and Non Essential Imports and Transfers. (m) Market rate.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (25)

BUILDINGS (1)
Nowarthill

STORES (1)
Sonic Sound

ELECTRICALS (8)
A. & G. Sec. Elec. — Farnell Elec.
BICC — Memec
Crystalate — Sound Diffusion
ESI London — Thorne (F. W.)
Eurotherm Int.

HOTELS (1)
Kennedy Brookes

INDUSTRIALS (3)
Erode — Photo-Me
Glaxo

NEWSPAPERS (4)
Assoc. Book — Collins (William) A
Black (A. & C.) — Liverpool Daily Post

PAPER (2)
Capseals — Good Relations

PROPERTY (1)
Markheath Sec.

TEXTILES (3)
Allied Textile — Mackay (Hugh)
Corah

NEW LOWS (41)

AMERICANS (5)
Amer. Medical — TRW Inc.
Ingersoll-Rand — Utd. Tech.
Simplicity Patt.

CANADIANS (1)
Brascan

BANKS (2)
Allied Irish — Bank of Ireland

BUILDINGS (1)
Lafarge Coppee

CHEMICALS (1)
Leigh Ints.

STORES (2)
Executex — Waring & Gillow

ENGINEERING (3)
Black & Decker — Walker (C. & W.)
Brotherhood (P.)

INDUSTRIALS (4)
Austin (F.) (Leyton) — Grampian
Business Comp. — Sotheby P. B.

PAPER (1)
Smurfit (Jeff.)

TEXTILES (1)
Shaw Carpets

TRUSTS (5)
Baillie Gifford Japan — Mid. Wynd Inv. Trust
Eng. & Scottish Inv. — Newmarket
Gen. Stockholders

OIL & GAS (6)
Edinburgh Secs. — S. & K. Pet.
Gulfstream Res. — Warrior Res.
Canada — Weeks Prof. (Aust.)
Moray Firth

OVERSEAS TRADE (1)
Australian Agriculture

TEAS (1)
McLeod Russel 6.5pc Cnv.

MINES (7)
Anglo-Am. Inv. — Voltas Mines
Bond Corp. — Colby Res.
Metals Ex. — Tara Ex.
Nickelore

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	76	1	15
Corpns. Dom. & Foreign Bonds	12	5	57
Industrials	252	219	885
Financial & Props.	63	113	337
Oils	25	20	54
Plantations	2	3	19
Mines	67	14	63
Others	51	46	48
Totals	566	421	1,507

JE,9jcets39—

AAA INDUSTRIES

Agil Holdings, a subsidiary of AAA Industries, has agreed to sell Curtagil, its cutting-oil business, to Mr D. A. J. Doyle, a former director of Agil and AAA, for £133,550 cash.

AAA has agreed to purchase Mr Doyle's shareholding in Agil together with the benefit of his option to purchase shares in Agil, for £125,000 cash.

These agreements are conditional upon the approval of AAA's shareholders.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thur March 18 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Mar 17 Index No.	Tues Mar 16 Index No.	Mon Mar 15 Index No.	Fri March 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	368.46	+0.7	9.42	4.31	13.34	365.92	371.07	371.85	371.42	323.83
2	Building Materials (25)	331.63	+0.2	13.16	5.19	9.12	330.91	335.50	339.01	338.82	286.89
3	Contracting, Construction (28)	606.10	+0.6	14.74	4.73	7.99	602.51	613.31	617.75	615.93	534.83
4	Electricals (31)	1274.33	+1.2	7.27	2.32	17.56	1258.89	1268.76	1263.93	1259.70	1046.89
5	Engineering Contractors (9)	493.62	−0.9	13.08	5.95	8.91	498.04	505.52	504.47	503.94	425.31
6	Mechanical Engineering (67)	190.08	+0.1	11.04	5.85	11.53	189.92	192.66	194.38	194.93	173.36
8	Metals and Metal Forming (12)	160.74	+0.1	7.41	7.62	19.54	160.64	164.98	165.76	166.92	148.72
9	Motors (21)	99.57	+1.2	—	6.69	—	98.43	99.46	99.27	98.60	86.07
10	Other Industrial Materials (17)	381.54	+0.8	9.68	5.50	12.50	378.32	389.49	389.84	389.61	340.79
21	CONSUMER GROUP (199)	293.35	+0.9	12.45	5.63	9.86	290.76	295.38	297.14	298.08	252.00
22	Brewers and Distillers (21)	290.40	+1.2	16.20	6.72	7.43	286.86	291.93	296.45	298.20	276.55
25	Food Manufacturing (21)	271.37	+0.5	15.68	6.68	7.67	270.04	273.78	276.97	280.27	234.27
26	Food Retailing (15)	606.61	+0.5	8.87	3.29	13.73	603.64	612.47	612.78	611.16	468.85
27	Health and Household Products (8)	389.17	+1.2	8.02	4.06	14.65	384.50	387.80	389.24	386.47	266.16
29	Leisure (24)	441.34	+0.4	9.44	5.01	13.29	439.40	446.10	444.89	447.19	387.02
32	Newspapers, Publishing (12)	517.81	+0.1	10.96	6.04	12.28	517.44	516.88	515.79	515.40	451.76
33	Packaging and Paper (13)	142.57	+0.6	14.03	7.56	8.52	141.79	144.39	145.46	145.91	126.89
34	Stores (45)	268.66	+1.1	10.54	4.99	12.74	265.69	270.58	271.15	272.18	255.34
35	Textiles (23)	172.47	+0.5	9.82	5.80	13.13	171.65	172.63	173.36	173.51	142.37
36	Tobaccos (3)	303.47	+1.3	20.18	8.59	5.64	299.44	308.05	311.52	310.67	233.58
39	Other Consumer (14)	287.08	+0.2	0.23	5.89	—	286.43	287.15	287.57	285.55	268.38
41	OTHER GROUPS (78)	253.25	+0.2	13.27	6.15	9.09	252.73	255.65	257.14	257.46	209.95
42	Chemicals (16)	333.58	−0.3	13.39	6.92	8.92	334.69	338.88	342.81	343.72	245.18
44	Office Equipment (4)	128.61	+1.4	12.52	6.68	9.73	126.83	128.48	129.84	130.58	101.50
45	Shipping and Transport (13)	564.33	+0.5	18.99	6.55	6.27	561.37	564.93	570.73	566.78	395.44
46	Miscellaneous (45)	318.75	+0.5	11.62	5.15	10.54	317.31	321.84	320.36	320.81	273.53
49	INDUSTRIAL GROUP (487)	323.81	+0.7	11.44	5.24	10.78	321.56	326.12	327.54	327.95	279.96
51	Oils (13)	643.61	+0.3	19.30	9.00	6.06	641.67	639.39	632.66	638.24	898.68
59	500 SHARE INDEX	340.76	+0.7	12.62	5.80	9.65	338.53	342.55	343.33	344.15	326.38
61	FINANCIAL GROUP (117)	257.33	+0.3	—	6.14	—	256.63	258.53	261.12	263.04	252.71
62	Banks (6)	275.71	+0.9	38.76	7.63	2.87	273.96	275.73	283.52	289.17	294.94
63	Discount Houses (9)	234.38	+0.3	—	9.25	—	233.78	238.17	239.16	240.20	300.61
65	Insurance (Life) (9)	257.98	−0.7	—	6.26	—	259.85	260.03	260.73	260.46	275.59
66	Insurance (Composite) (10)	165.89	—	—	8.33	—	165.93	167.67	168.09	167.90	168.68
67	Insurance Brokers (7)	443.92	+0.6	10.03	5.14	13.48	441.31	451.05	457.60	457.05	348.82
68	Merchant Banks (12)	144.83	−0.1	—	5.42	—	145.00	145.02	144.13	146.25	150.67
69	Property (49)	457.14	+0.4	4.70	3.23	28.38	455.25	453.06	460.75	464.39	488.33
70	Other Financial (15)	180.28	+0.3	15.83	6.04	7.77	179.61	180.19	181.14	181.11	171.29
71	Investment Trusts (112)	291.70	−0.3	—	5.60	—	292.51	296.69	297.29	299.30	292.74
81	Mining Finance (4)	283.57	+1.6	16.64	6.98	7.30	208.44	198.93	196.96	200.84	290.39
91	Overseas Traders (17)	378.95	+1.7	13.82	8.40	8.84	372.44	377.33	383.29	387.68	446.32
99	ALL-SHARE INDEX (750)	319.24	+0.6	—	5.92	—	317.43	320.87	322.02	323.38	302.65

FIXED INTEREST

	PRICE INDICES	Thur Mar 18	Day's change %	Wed Mar 17	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	109.96	+0.20	109.74	—	2.65
2	5-15 years	110.76	+0.56	110.14	—	2.21
3	Over 15 years	114.60	+0.52	114.01	—	2.52
4	Irredeemables	121.45	+0.07	121.37	—	1.62
5	All Stocks	111.50	+0.43	111.02	—	2.41
6	Debentures & Loans	87.28	+0.06	87.23	—	3.09
7	Preference	64.27	—	64.27	—	2.15

	AVERAGE GROSS REDEMPTION YIELDS		Thur Mar 18	Wed Mar 17	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.23	12.37	12.28
2		15 years	12.81	12.89	12.99
3		25 years	12.59	12.63	12.88
4	Medium Coupons	5 years	14.15	14.25	12.95
5		15 years	13.83	13.92	13.42
6		25 years	13.38	13.44	13.18
7	High Coupons	5 years	14.00	14.07	12.97
8		15 years	14.02	14.12	13.88
9		25 years	13.47	13.58	13.38
10	Irredeemables†		12.26	12.26	11.92
11	Debs & Loans	5 years	14.71	14.79	13.86
12		15 years	14.69	14.79	14.32
13		25 years	14.68	14.68	14.12
14	Preference†		15.29	15.29	14.36

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

INSURANCE BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Canada Life Assurance Co of G. Britain

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crescent Life Assurance Co. Ltd.

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law Life (Managed Funds) Ltd.

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

FT UNIT TRUST INFORMATION SERVICE

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chowtan Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert Incorp.

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurotax Investments Ltd.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Henderson Management (Guernsey) Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

I.C. Trust Management Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisors, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Korea International Trust

The Korea Trust

Lazard Brothers & Co. (Jersey) Ltd.

Leopold Joseph & Sons (Guernsey)

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Minerals, Oils Res. Shrs. Fd. Inc.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Man. (Jersey) Ltd.

Quilter/Reinold Commodities

RBC Investment Managers Limited

Ramioco Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Life Group

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mngrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt. Jersey

Sentry Assurance International Ltd.

Signal Life Assurance Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

M. G. Tyrrell & Co. (Jersey) Ltd.

Union Invest. Fd. Mgt. Co.

Union-Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

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Five to Fifteen Years

Over Fifteen Years

Undated

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LOANS—Continued

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LEISURE

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Components

[illegible]

Garages and Distributors

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NEWSPAPERS, PUBLISHERS

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TRUSTS, FINANCE, LAND

Investment Trusts

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INVESTMENT TRUSTS—Cont.

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Finance, Land, etc.

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OIL AND GAS

[illegible]

OIL AND GAS—Continued

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OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

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[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
650	75	Falcon Rh.50c	80	......	Q25c	10.3	23.3
135	55	Roan Cons. K4	70	+10	♦—	—	—
59	20	Wankie Col. Rh.1	22	+1	Q3c	1.2	10.2
32	16	Zam.Cpr.SBD0.24	17	+1	—	—	—

Australian

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
33	32	Acmex 50c	46	......	Q4c	—	5.4
41	10	ACM 20c	12	......	—	—	—
21	2½	Argosy Gold NL 25c	2½	......	—	—	—
229	70	Bond Corp.	70	−12	GQ10c	2.3	9.2
112	63	Bougainville I Kina.	69	+1	Q6½c	♦	5.6
302	146	CRA 50c	152xd	−1	Q5c	♦	2.8
25	9	Canada Northwest	10	−1	—	—	—
35	10	Carr Boyd 20c	13	......	—	—	—
60	22	Central Pacific	35	......	—	—	—
47	10	Cultus Pacific N.L.	14	......	—	—	—
[illegible]							

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
175	20	Anglo-Dominion	22	−3	—	—	—
25½	12	Burma Mines 10p	15½	......	0.75	0.9	6.9
330	38	Colby Res. Corp.	38	−2	—	—	—
330	200	Cons. Murch. 10c.	200	+15	Q60c	♦	13.3
10	5	‡‡Explaura Gold	7	......	—	—	—
98	47	††Hemerdon 10c.	58	......	—	—	—
180	65	Nighwood Res.	75	+5	—	—	—
505	165	Northgate C$1	165	......	—	—	—
633	372	R.T.Z.	420	+2	16.0	2.3	5.4
£130½	£93½	Do.9½%Cv.Un.Ln.'95-2000	£96	+1	Q9½%	—	[illegible]
103	11	††SPO Minerals 10p	11	......	—	—	—
47	12	Sabina Inds. C$1	14	......	—	—	—
44	21	‡Southwest C. 10p	42	......	—	—	—
650	300	Tara Exptn. $1	300	−50	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable: bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH		
Albany Inv. 20p	40	......				
Bertrams	17#	......		Conv. 9% '80/82	£95½	......
Bdg'wtr. Est. 50p	410	......		Nat. 9¾% 84/89	£65¾	......
Craig & Rose £1	£12¾	......		Fin. 13% 97/02	£68¼	......
Finlay Pkg. 5p	25	......		Alliance Gas	55	......
Graig Ship. £1	£20	......		Arnott	220	......
Higsons Brew	67	......		Carroll (P.J.)	73½	......
Holt (Jos) 25p	565	......		Concrete Prods.	90	......
I.O.M. Stm. £1	120	......		Heiton (Hldgs.)	20	......
[illegible]				[illegible]		

OPTIONS

3-month Call Rates

[illegible]

[illegible]					
Eagle Star	31	R.N.M.	6½	Premier	6
F.N.F.C.	4	Rank Org. Ord.	20	Shell	30
Gen. Accident	28	Reed Intnl.	26	Tricentrol	22
Gen. Electric	65	Sears	6	Ultramar	38
Glaxo	42	Tesco	5½		
Grand Met.	17	Thorn EMI	42	Mines	
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	Tube Invest.	13	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday March 19 1982

U.S. rejects Soviet move on arms reduction

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE Soviet Union has proposed an arms control agreement which, despite phased reductions in nuclear weapons, would still leave its SS-20 missiles deployed against Western European countries in 1990.

The proposal has been tabled at the Geneva negotiations between the U.S. and the USSR, which opened in November last year. The talks are designed to limit the spread of nuclear weapons in Europe.

The Soviet proposal has been rejected by the U.S., which has put forward a draft treaty embodying the so-called zero option announced by President Ronald Reagan in November. The U.S. offered to undertake not to deploy its controversial new cruise and Pershing missiles in Europe, in return for the dismantling of the SS-20s.

After four months of talks, which have been veiled in secrecy, the two sides appear as far apart as ever. Earlier this week the two delegations in Geneva agreed to a two-month recess. Negotiations will reopen on May 20.

According to sources close to the U.S. delegation, the essence of the new Soviet proposal, is that the independent British and French nuclear forces, and a reduced number of U.S. nuclear-capable aircraft in Europe, will, by 1990, balance the 300 SS-20 medium range nuclear missiles which the Soviet Union has deployed east and west of the Ural mountains.

In its new proposals the Soviet Union has argued that a balance exists between Nato and Soviet nuclear forces in Europe. It maintains that each side has just under 1,000 "nuclear systems." It proposes that these should be reduced in two phases, leaving each side with 300 systems by 1990.

The U.S. Government, backed by the Nato alliance, contests the Soviet notion that a balance of forces exists in Europe.

Nato's decision to deploy 572 Cruise and Pershing missiles from 1983 was designed in part to counter what the Western Alliance sees as the growing imbalance resulting from the SS-20 deployment.

Western sources say Soviet tactics at Geneva are designed to remove the U.S. "nuclear shield" from European countries in Nato, leaving them wide open to Soviet military and political pressure.

Officials are concerned that public opinion in the West should not be misled into believing that President Leonid Brezhnev's latest offer to freeze deployment of SS-20s is either a new or a particularly hopeful move.

Sources close to the Geneva delegations believe that some progress has been made, however. They say both sides seriously want an agreement, and point out that four months is too soon to expect an accord to emerge.

U.S. warns on missiles for Cuba, Page 5

Banks increase lending to private sector

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BANK LENDING to the private sector increased by £1.98bn in February compared with an average rise of £1.5bn a month since last August, according to the latest banking statistics issued yesterday. In the first half of last year the average monthly rise was less than £500m.

The high rate of lending to private sector companies and individuals continues to cause concern to the authorities, although the Bank of England pointed out the effect of the tax-paying season on the total.

MONEY SUPPLY
annual percentage increase
(to February 1982)

M1	8.7
Sterling M3	14.4
PSL1	13.7
PSL2	12.1

The extent to which companies have been increasing borrowing to pay back taxes, including the taxes held up by last year's civil servants strike, is not known.

During the banking month of February sterling M3, the broad definition of money supply, remained almost unchanged. After seasonal adjustment the annual rate of growth was reduced to 14½ per cent. As the Chancellor admitted at the time of the Budget, however, there is no prospect that the growth of this aggregate will be within the Government's target range of 6 to 10 per cent for the year to April.

The Treasury says that the growth of sterling M3 has overemphasised the true state of the money supply during the year.

The figures also show that the non-banking sector bought £1.16bn of Government debt during the month. Of this total gilt edged stocks accounted for £370m, National Savings £340m and Certificates of Tax Deposit £490m.

There was a net outflow of foreign currency of £160m in the month.

Tory rebels vote against Government on benefits

By Elinor Goodman

THE POST BUDGET truce in the Conservative Party over the handling of the economy was broken last night when at least 17 Tory MPs refused to support the Government over its plans for short-term social security benefits. Thirteen backbenchers voted with the Opposition, while at least four deliberately abstained.

The vote was over the Government's refusal to restore the 5 per cent cut in the value of short-term benefits, like unemployment pay, made two years ago as an alternative to taxing them.

An Opposition amendment was defeated by 148 votes to 118, giving the Government a majority of 30. But the rebellion was a major blow to its hopes of presenting a united party to the voters of Glasgow Hillhead, which goes to the polls in six days time. It could force the Government to reconsider the issue.

The rebels were led into the lobby by Sir Ian Gilmour, the former Lord Privy Seal, and included the former junior Employment Minister, Mr Jim Lester.

Short-term benefits will start being taxed this July, and Labour, backed by the rebel Tories, argued that the Government had given a clear impression to the House when the original 5 per cent cut was introduced two years ago that it would be restored once this happened.

Restoring the cut would cost £60m in a full year. Mr Hugh Rossi, the Social Services Minister, insisted that the Government could not afford to make such a change now.

Tory revolt, and walkabout Heath pulls in the crowds, Page 10

Companies and council consider aid for Brixton

By Lisa Wood

SEVERAL large companies, including Marks and Spencer and Boots, have joined Lambeth Council in south London, and some financial institutions to try to launch a major initiative in one of Britain's most depressed inner city areas.

The initiative, to be launched in Brixton, will be the first attempt to co-ordinate efforts aimed at tackling inner city problems by the local authority, local organisations and the private sector.

It follows the increasing concern about conditions in the inner cities aroused by last year's riots, and is the outcome of a series of meetings including discussions between Lord Bellwin, Parliamentary Under-Secretary at the Environment Department, and Mr Ted Knight, leader of Lambeth Council.

In Liverpool, where serious disturbances also took place, a team of Government and business representatives was set up. Called the Liverpool Task Force, it is examining Government spending in the area. At the same time, there has been a growth in local enterprise agencies in which businesses help promote the creation of small companies. But neither of these initiatives bring the three elements together like the planned Brixton move, though the Government is expected this summer to announce a scheme linking public sector and private money to fund inner city developments.

Those involved in the Brixton initiative—to be called Brixton United—were anxious yesterday to emphasise that the project was still at a very early stage. The terms of reference for the joint task force have not yet been drawn up, and there is also concern that the local community is fully involved.

A major partner in the project is the London Enterprise Agency, set up four years ago by nine big industrial and financial groups to aid small companies in the capital.

The Enterprise Agency said that it was hoped Brixton United would act as a catalyst, putting commercial ventures together and then attracting funding.

Gill threatens ACC directors with legal action over pay-off

BY JOHN MOORE, CITY CORRESPONDENT

MR JACK GILL, Lord Grade's former right-hand man, moved yesterday to speed the payment of his record £560,000 golden handshake from Associated Communications Corporation.

Mr Gill, who was removed from the ACC board last year by Lord Grade and other directors as the group's deputy chairman and managing director, is seeking an early meeting to gain the directors' approval of the pay-off. If they do not give approval, he may take legal action against ACC directors.

Payment of the compensation to Mr Gill has been blocked by legal action taken by the Post Office Staff Superannuation Fund and other institutional shareholders.

The action by the institutions is still outstanding against ACC, which is the subject of a take-over battle between business interests of Mr Robert Holmes à Court, the Australian businessman, and Mr Gerald Ronson's Heron Corporation.

Four meetings of the voting shareholders have been called to consider the payment and each time they have been adjourned.

The latest of these extraordinary general meetings was held yesterday and adjourned until April 20. Sir David Napley, Mr Gill's lawyer, urged that it be reconvened as soon as possible for directors to consider the payment.

Sir David said he intends to approach the High Court soon to ask for the directors to be released from their undertakings in earlier court action to continue to adjourn the meeting.

Five ACC directors, including Lord Grade, have already pledged that they will vote their shares—representing 45.3 per cent of the voting equity—in favour of the payment.

Sir David warned after the meeting that if directors of ACC refused to approve the compensation package, "that would result in an action by Mr Gill."

He said that if the directors continued to adjourn the meeting, he would have to consider an action by Mr Gill against the directors who undertook to vote in favour of the payment.

Sir David said Mr Gill still is receiving "certain benefits," including a car and a chauffeur and the outgoings on his house until the compensation conflict was resolved. He is receiving no salary.

ACC directors held a board meeting yesterday to consider a profit forecast for ACC's financial year which ends this month. Losses are expected to be running at more than £30m. ACC last year recorded a profit of £2.6m.

Mr Gill's compensation package includes the option to purchase a £275,000 house at £109,000 below market value, and interest payments of 6.25 per cent a year per annum on the £560,000 payment until it is completed.

GKN returnes to profit Continued from Page 1

The UK workforce at the end of 1981 was 42,000. About 4,000 also left the GKN workforce last year with the formation of Allied Steel and Wire by GKN and the British Steel Corporation.

Speaking in London yesterday, Sir Trevor Holdsworth, GKN chairman, did not rule out further redundancies in the current year, 303 have already been provided for. He did not envisage their being on the scale of the past two years, however, but forecast that there would be continued restructuring, mainly as a result of disposals of interests peripheral to GKN's mainstream activities.

Although there have been many improvements in UK operating efficiency, Sir Trevor described the overall result of a £13m trading surplus on a turnover of £1bn as "still unsatisfactory." The major UK automotive components business is still losing money, while in the U.S. there is uncertainty about the duration of the severe downturn in demand for automotive components from GKN's two new factories.

Stone Platt receiver Continued from Page 1

ment were said to be prepared to subscribe between £5m and £7.5m of new equity next autumn.

The four clearing banks involved, headed by Midland, took the view that the institutions had tied too many conditions to their commitment for future support, and more important, that Stone-Platt's financial position was irretrievable.

On clearing bank calculations the group's debts were heading for £40m and shareholders' funds might have been reduced to some £15m following disposals.

They said that from the beginning of this calendar year Stone-Platt's borrowings would have represented no more than 95 per cent of net assets.

Midland Bank is believed to have written off the cost of its support for Stone-Platt as a provision in drawing up its annual results, which the bank reports today. The four clearers are understood to have lost a combined £15m in supporting Stone-Platt.

Equity Capital for Industry, the investment group owned by the banks and the pension funds, echoed the views of all four institutions.

Mr Brian Dean, the investment director, said: "I am shocked and dismayed that the banks should have run away after all the time and effort and money spent in the last two years and when a solution to the group's problems was beginning to emerge."

Mr David Tucker of M and G said the bank's action "must make us much more reluctant ever to do anything like this again."

Stone-Platt's electrical division which makes profits of some £4m annually and has significant contracts for rail and underground systems throughout the world, is already the subject of three bid approaches.

French franc falls sharply Continued from Page 1

0.4 points to 91.1, against the Bank of England's trade-weighted baske tof currencies. The pound closed unchanged on the day against the dollar at $1.81.

The French Government evidently believes that the impact of the 8.5 per cent effective devaluation of the franc against the DM last autumn has not been dissipated, despite the considerable gap in inflation of the two countries.

It blames the recent pressure on the franc on withdrawals by foreign investors, and speculation on the tense political period around the cantonal elections, due to finish on Sunday.

The lifting of the money markte rates, however, could endanger its aim of lowering borrowing costs to industry. Although there were no immediate signs yesterday of the banks raising base rates, now 14 per cent, these would have to go up as well if the high cost of money is maintained.

The decision by the West German central bank, the Bundesbank, to lower its special Lombard rate—the rate it charges banks for short-term funds—from 10 per cent to 9.5 per cent, was widely anticipated.

The Bundesbank has been gently easing Garman money market interest rates down through open market operations. Improving inflation figures, and signs that this year's wage round will result in wage increases below the anticipated rate of inflation, have helped to create room for the Bundesbank to manoeuvre.

Day-to-day money rates are expected to settle around the 9.50 per cent mark in Frankfurt for two weeks, against the background of falling money and capital market rates, German banks have been reducing their loan charges to customers. But some bankers are warning against excessive optimism about the prospects for further rapid falls.

Foreign exchange traders reported that the "special Lombard" announcement did not result in renewed pressure on the D-Mark against the dollar. The markets were prepared for the Bundesbank action through the central bank's open market operations earlier in the month, it was pointed out.

The Bundesbank introduced its "special Lombard" rate in February 1981. In a spectacular move to defend the D-mark on the foreign exchanges, the central bank dropped its normal procedure for automatically lending funds to the bank through the Lombard rate (then 9 per cent) and announced a "special Lombard" rate of 12 per cent.

The decision helped to send German interest rates to peak levels for much of last year. In October, the central bank signalled a turning-point in its monetary policy, cutting the special Lombard rate to 11 per cent.

Weather

UK TODAY

COLD. Showers in most places, wintry on hills. Sunny intervals.

Scotland, N. Ireland
Sunny periods. Scattered showers, wintry on hills. Max. 6C (43F).

N. England
Bright intervals. Mostly dry. Showers in east later. Max. 6C (43F).

Rest of England and Wales
Cloudy. Occasional rain, falling as sleet or snow on high ground. Max. 8C (46F).

Outlook: Sunny intervals in most parts, some wintry showers in east. Cold with night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	L. Ang.†	R	8	46
Algiers	C	16	61	Luxmbg.	F	4	39
Amsdm.	R	8	43	Luxor		—	—
Athens	S	10	50	Madrid	S	12	54
Bahrain	F	26	79	Majorca	F	14	57
Barclna.	S	13	55	Malaga	S	17	63
Beirut	C	14	57	Malta	F	17	63
Belfast	F	8	46	M'chstr.	R	8	43
Belgrd.	S	15	59	Melbne.		—	—
Berlin	F	8	46	Mx. C.†		—	—
Biarritz	C	9	48	Miami†		—	—
Bnghm.	R	7	45	Milan	C	8	43
Blackpl.	C	7	45	Montrl.†	F	−4	25
Bordx.	F	11	52	Moscow	F	4	39
Boulgn.	F	6	43	Munich	R	3	37
Bristol	F	8	46	Nairobi		—	—
Brussels	H	8	46	Naples	C	12	54
Budpst.	S	11	52	Nassau		—	—
Cairo	F	20	68	Nwcstl.	C	8	46
Cardiff	F	8	46	N. York†		—	—
Cas'b'ca	C	17	63	Nice	S	13	55
Cape T.	S	23	73	Nicosia		—	—
Chicg.†	C	2	36	Oporto	C	14	57
Cologne	C	7	45	Oslo	C	1	34
Cpnhgn.	C	3	37	Paris	C	9	48
Corfu	F	14	57	Perth	S	29	84
Denver†		—	—	Prague	C	6	43
Dublin	C	8	46	Reykjvk.	S	−1	30
Dbrvnk.	F	13	55	Rhodes	S	14	57
Ednbgh.	F	8	46	Rio J'o†		—	—
Faro	C	19	66	Rome	C	12	54
Florence	F	14	57	Salzbrg.	Sn	1	33
Frankfr.	C	6	43	S F'cisc†		—	—
Funchal	C	16	61	S Moritz		—	—
Geneva	C	8	46	Singapr.		—	—
Gibraltar	S	19	66	S'tiago†		—	—
Glasgow	F	9	48	Stckhm.	C	2	36
G'rnsey	F	8	45	Strasbg.	H	7	45
Helsinki		—	—	Sydney		—	—
H. Kong	S	24	75	Tangier	S	17	63
Innsbrk.	Sn	1	34	Tel Aviv	C	18	61
Invrnss.	R	5	41	Tenerife	C	13	55
I.o.Man		—	—	Tokyo		—	—
Istanbul	C	8	46	T'ronto†	C	0	32
Jersey	S	9	48	Tunis	R	17	63
Jo'burg	S	27	81	Valencia	S	16	61
L. Pims.	C	18	64	Venice	C	6	43
Lisbon	F	16	61	Vienna		—	—
Locarno	C	6	43	Warsaw	S	8	46
London	R	10	50	Zurich	F	5	41

C—Cloudy. F—Fair. H—Hail. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

End of the line for Stone-Platt

More distinguished if less spectacular than Laker Airways, poor Stone-Platt joins it in bankruptcy, despite its place on the list of quoted companies "rescued" by an equity injection last year. In the mid 1970s Stone-Platt had a reputation for excellent management, and it has fought doggedly for its life over the last two years. But it has been an exceptionally disadvantaged corporate citizen of an oil-producing Britain in recession. Export orientation, high borrowings, and the manufacture of capital goods for sale in the textile industry have added up to a formidable handicap.

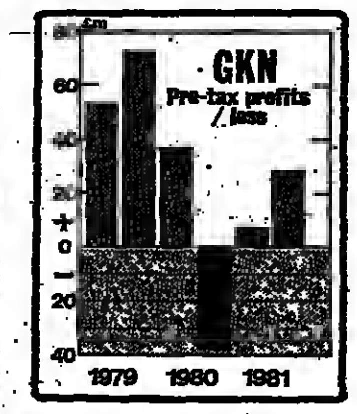
The rot set in in 1979, when a breakdown of management controls in the textile machinery business threw a whole division into loss and occasioned heavy extraordinary write-offs. At the end of the previous year the group had had gross borrowings of £26m against shareholders' funds of £69m. An attributable 1979 loss of £17.5m, combined with a £15m cash outflow, triggered protective clauses on some bank loan covenants and gave the company its first experience of holding a consortium of lenders together. Even that skill proved insufficient in the end.

Since 1980 the group has been forced to reduce borrowings by selling assets or closing cash-absorbing businesses, a policy which has brought heavy write-offs of equity as book losses on the sales have jostled with reorganisation costs below the line. A £10m equity injection last year did no more than give a breathing space; it might have worked had losses been eliminated instantly on the back of higher sales volumes. As it was, the group stayed in loss in the second half of last year, and the attributable losses—including £8m of closure costs at the Bolton factory—reached £15m, for a total of £47m in three years.

By now the protective diversification that had made it possible for a medium-sized company to stay in the highly cyclical textile machinery business had been to a large extent undone by asset sales, and withdrawal from the mainstream Platt Saco Lowell subsidiary had become a prudent necessity. But the sale of PSL—which had been arranged—at £20m below book value would have blown the balance sheet to bits again.

Recriminations against the banks by the equity institutions have already started: a bitter reflection of the inadequacy of last year's recapitalisation. The simple fact remains that no one was prepared to put up money to tide Stone-Platt over the next six months, after which time—if all had gone well—another rights issue might have been cobbled together. In the meantime supplier and customer confidence was waning, and it must have become difficult for the banks to respond encouragingly to inquiries about Stone-Platt's standing.

Index rose 5.4 to 556.8



The outcome is highly embarrassing for Equity Capital for Industry, which seems to live on the wrong side of the risk/reward ratio, as well as for Midland Bank, lead bank to both Stone-Platt and Laker, and due to report 1981 figures today. The banks taken together may end up losing roughly £15m.

Hindsight will not help Stone-Platt, but it suggests a general lesson. From the vantage point of 1982 it appears that the only way to have saved the company would have been complete and immediate withdrawal from textile machinery at the beginning of 1980. This course of action — which would have required new capital then — was turned down on the grounds that it would have been wrong to abandon the core business, the traditional centre of the group. But to sell off strong businesses such as the pump division to support the Lancashire mills was ultimately suicidal.

GKN

The preliminary figures from Guest Keen and Nettlefolds provide some reassurance that British industry is on the right tack after Wednesday's disappointing announcement from Turner and Newall. With the bulk of the UK reorganisation behind it, GKN's trading profits doubled between the two half years and, for the full 12 months, the group has turned a pre-tax loss of £1.2m into a profit of £34.6m.

The real bounce has come from the UK, where roughly £140m of annual wage costs have been eliminated over the past two years. After a pre-tax loss of about £10m during the first six months, the UK was probably just above break-even in the latter part of the year.

The surgery is not over yet but this year's reorganisation will consist largely of divestments, so future write-offs should mostly end up below the line. The UK will again contribute most of the improvement, unless the U.S. economy shows a miraculous upturn. At present, the recession in Michigan is keeping the new joint plants just the wrong side of break-even and GKN cannot again count on translation gains, which added close to £3m at the pre-tax level last year.

On sales of almost £2bn, it is fairly futile to predict what GKN will make this year. The real issue is in any case not profits, but cash. The group will have to work very hard to dispel the idea that a rights issue is just around the corner once demand revives.

The published gearing ratio has actually fallen slightly during 1981; net debt represents just under half of net worth. But the containment of gearing owes a great deal to non-recurring and cosmetic items. The deconsolidation of Allied Steel has removed around £20m of debt and the company now appears as an investment at book value. Considering that Allied lost GKN about £8m last year, this is perhaps not very conservative.

The group has shaken about £22m out of working capital, after adjusting for Allied, but the scope for a further reduction relative to sales must be very limited. GKN has also taken the opportunity to revalue its properties. The surplus of £38.6m is not out of the way, but looks a little odd when GKN keeps disposing of businesses at a book loss.

All in all, there seems little chance that GKN will improve greatly on last year's gearing. With a capital spending budget of between £80m and £100m in the current year, shareholders must count on some cash raising exercise before long. The shares offer a largely unearned yield of only 7.2 per cent on last night's price of 163p, and some may decide not to wait around.

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